

CHARITY CARE GONE WRONG

The 340B Drug Pricing Program is Failing Vulnerable Patients, but Policy Reform Can Help

Since 1992, the federal 340B Drug Pricing Program has allowed eligible hospitals and clinics to purchase outpatient prescription drugs from manufacturers at deeply discounted prices, with the expectation that those savings will be used to expand care and services for low-income, uninsured and vulnerable patients.



“One medication came out to around \$50, another \$20 and another \$15. **I don’t even have \$5 to my name.** I asked, ‘Can you give me a voucher or something?’ And they said, ‘No, you either need to be readmitted, or find a way to pay, because we can’t give it to you.’”

“They say, ‘We’re so sorry, we thought this medication was covered. It looks like something has changed in the system, so **you’re going to have to pay for it,** or else we’re going to have to give you something different and hope that it works.’”

“**I wouldn’t even pick up the phone** if it’s a number that I didn’t recognize because it was just like collection agencies calling and they don’t care.”

“**[My prescription drug cost] was more than I expected, so it came out of my food budget.**”

“No [financial assistance or charity care] from the hospital directly. **No, [the hospital] hasn’t sent me anything.** The only thing I’ve gotten is through CancerCare.”

“I finally got my medicine from the lady that worked at the pharmacy who gave me three email addresses. She said, ‘Try these three companies, sometimes they give people grants.’ And that was how I got my medicine. **Nobody at the hospital.**”

But today, some 340B hospitals aren’t prioritizing charity care. Instead, they’re maximizing profits:

Marking up the reimbursement price of drugs purchased at steep discounts

Expanding contract pharmacies and off-site clinics into higher-income communities

Targeting cancer drugs, which represent 41% of 340B entities’ purchases ([CBO](#))

The very patients that 340B is meant to support are instead feeling underserved, overcharged and overwhelmed.

“I have to pay for a Lyft, and put that on a credit card, which **I can’t even afford...** I don’t have a job, I can’t even pay the minimum payment on the credit card right now.”

“Everything was like, **‘You just have to figure it out...be prepared to pay!’** If I could pay for this one visit, some thousands of dollars out of pocket, why on earth would I have Medicaid? It was just so unempathetic and disregarding.”

“I thought the most they were doing was all they could do, like the little \$25 gift card that they gave me. I thought that’s what they said, **that’s all they had left in their budget to give to me.**”

“The [340B] hospital I was using **gave me two \$25 gas cards.** That’s all they give you. I switched hospitals now [to a non-340B hospital] and they are paying me for my travel, and it’s some distance.”

WHY IS THIS HAPPENING?

Research shows that some 340B hospitals' profit-boosting tactics increase costs for patients, employers and taxpayers ([IQVIA](#)). Worse, the program is **failing low-income, uninsured and vulnerable patients**.

A 2026 study¹ by CancerCare and Pioneer Institute found that **340B hospitals provide, on average, less charity care and care for uninsured patients** than non-340B hospitals. This is true even though 340B hospitals treat a slightly higher share of Medicaid patients. The study further found that the amount of charity care and care for uninsured patients provided by 340B hospitals varied by hospital subgroup.

POLICY SOLUTIONS

Greater transparency and accountability can refocus 340B hospitals on serving vulnerable patients as intended.

Policymakers can help by establishing requirements for:



Charity Care. Require all 340B hospitals to provide a minimum level of charity and unreimbursed/uncompensated care that exceeds the national average provided by non-340B hospitals.



Eligibility. Require all 340B hospitals to meet Medicaid admission days.



Designated Services. Clearly define which services qualify as charity care.



Transparency & Accountability. Require all 340B hospitals to report and deposit proceeds from 340B sales into a separate account, where expenditures can be audited.



Notification. Require all 340B hospitals to disclose their participation in the program to patients and provide contact information for financial assistance and charity care department.



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1. Popovian, Robert, Anne M. Sydor, Kim Czubaruk, Michael Walker, and William Smith. "Financial Outcomes and Community Benefit in the 340B Program: Comparing 340B and Non-340B Hospitals." medRxiv, February 17, 2026. <https://doi.org/10.64898/2026.02.12.26346191>.