

An Essential Lifeline at Risk:

What the 340B Program Means for Hospitals,
Health Centers, and Patients



Massachusetts League
of Community Health Centers

MHA MASSACHUSETTS
Health & Hospital
ASSOCIATION

MARCH 2026

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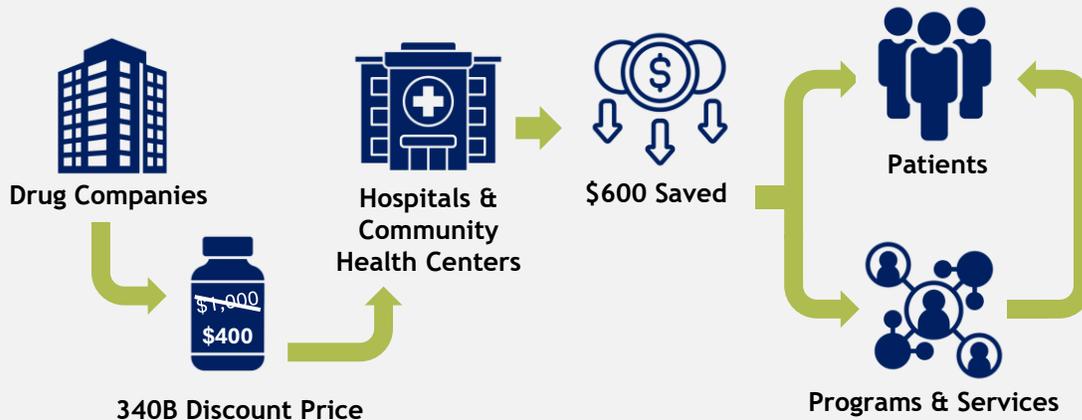
The 340B drug pricing program is an essential component of our commonwealth's safety net system, allowing hospitals and community health centers to manage rising prescription drug costs while reinvesting savings directly into patient care. Now, after more than 35 years of existence, 340B is under intense threats at both the state and federal level.

The urgency is real. Massachusetts hospitals and community health centers are standing together to protect this essential lifeline before it is too late. As providers face enormous financial turmoil and brace for sweeping federal policy changes, now is the time to act.

What is 340B?

340B requires pharmaceutical manufacturers to sell outpatient drugs at discounted prices to healthcare organizations that care for uninsured and low-income patients. Those savings allow eligible hospitals and health centers to deliver affordable medications and fund patient services that would otherwise be unsustainable. The benefits of this bipartisan federal program are drawn from pharmaceutical profits – *at no additional cost to taxpayers*.

How 340B Works



A Lifeline for Providers, Patients, and Communities

These are just a few of the services that 340B savings allow hospitals and health centers to maintain:

-  Housing stability
-  Maternal health
-  Preventative care
-  Behavioral health
-  Health screenings and vaccinations
-  Transportation services
-  Substance use services
-  Dental and clinical pharmacy
-  Early childhood development

Without 340B savings, Massachusetts hospitals and health centers will not be able to sustain certain patient services and free care offerings, meaning already vulnerable communities would lose access to valuable, life-saving care and medication. This challenge is only intensified by the impending effects of federal policy changes.

The Growing Threat

The pharmaceutical industry has mounted a coordinated effort to weaken 340B – including here in Massachusetts – undercutting the savings that support local safety net providers and their patients. What’s more, pharmacy benefit managers and drug manufacturers are already diverting savings away from 340B providers through unilateral, discriminatory practices.

These threats come at the worst possible time. Hospitals and health centers are operating on razor-thin or negative margins, all while bracing for the impacts of major federal policy changes. Meanwhile, drug companies’ revenue grew by an estimated \$347 billion between 2017 and 2022. Our healthcare system and communities simply cannot afford to have this lifeline eroded.

How Policymakers Can Help

Massachusetts hospitals and health centers are uniting to urge legislative leaders to act now to protect the 340B program. **Together, we can protect patients and care services by:**

 **Rejecting pharmaceutical-backed proposals that would further erode or complicate 340B in Massachusetts.**

 **Supporting legislation that would:**

Prohibit discriminatory contracting practices by pharmacy benefit managers and commercial health insurers. These protections have already been passed in 35 other states.

Prohibit pharmaceutical manufacturers from limiting covered entities to one contract pharmacy, as restrictions on contract pharmacies limit patients’ access to affordable medications. To date, 19 other states have enacted laws to protect contract pharmacy arrangements under the 340B program.

An Act prohibiting discrimination against 340B drug discount program participants
(H.1107/S.819) Sponsored by Rep. Daniel Cahill, Sen. Pavel M. Payano

Prohibit further erosion of 340B within the MassHealth program.

An Act to Protect 340B Providers in the MassHealth Program
(H.779/S.845) Sponsored by Rep. Kate Lipper-Garabedian, Sen. Brendan Crighton

Want to learn more or explore how 340B benefits healthcare providers in your area?



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340B: Myth vs. Fact

What Pharma Claims...

340B lacks oversight and transparency.

340B has strayed from its original intent.

340B does not benefit patients.

340B includes contract pharmacy arrangements that don't benefit patients.

340B is a federal program with no local policy impacts.

Congress never intended the 340B program to be this big.

340B contributes to overall healthcare costs.

In Reality...

Hospitals and health centers that participate in the 340B program are subject to rigorous oversight, including audits, and must meet annual program integrity requirements.

They continue to demonstrate and report on their commitment to using their savings to provide important services and programs to vulnerable communities that they otherwise would not be able to provide. This includes information filed with the Health Resources and Services Administration and the IRS.

340B is, in fact, *more important than ever* in expanding access to care for communities – just as Congress intended when it established the program in 1992.

Local hospitals and health centers have attested to the many services and programs that 340B helps make possible – from preventative care to behavioral health to early childhood interventions. These are programs that would otherwise be unsustainable.

These arrangements are essential to ensuring patients can access prescription drugs where they live and when they need them.

35 states have passed 340B protections for healthcare providers, all of which mirror the proposals being pursued in Massachusetts. Those laws are being upheld in court against pharmaceutical companies' lawsuits.

Congress expanded the program in 2010 with support of the pharmaceutical industry. At the same time, rising drug prices have fueled continued program growth – further underscoring the importance of 340B in providing access to lifesaving medications and other critical services.

340B savings are used to offset the costs of expensive pharmaceuticals, expand and maintain healthcare services, invest in workforce, subsidize underpayment from Medicaid and Medicare, and support numerous community benefit programs. Erosion of the 340B program results in savings to drug companies and takes away these supports for patients and healthcare providers.

Some content from this document was sourced from the National Association of Community Health Centers and the American Hospital Association