



## **RESOLUTION Concerning the Misuse and Needed Reform of the Federal 340B Drug Pricing Program**

Date: June 4, 2025

WHEREAS, the Pharmaceutical Industry Labor-Management Association (PILMA) is a coalition of labor unions and companies in the pharmaceutical industry united to grow the economy, create high-quality union jobs, and foster medical innovation; and

WHEREAS, PILMA's mission includes advocating for policies that support innovation, fair labor practices, and access to affordable, high-quality healthcare for union members and their families; and

WHEREAS, the federal 340B Drug Pricing Program was established by Congress in 1992 to allow safety-net providers to purchase outpatient drugs at discounted prices, with the intent of enabling them to serve vulnerable, low-income populations more effectively;<sup>[1]</sup> and

WHEREAS, the program has since expanded dramatically—from 8,100 covered entities in 2000 to more than 50,000 today<sup>[2]</sup>—without a proportional increase in regulatory oversight; and

WHEREAS, multiple government reports and independent studies have found that certain covered entities and affiliated contract pharmacies use the 340B program to generate revenue without passing savings along to patients, in some cases even charging uninsured patients full price for discounted drugs;<sup>[3][4]</sup> and

WHEREAS, this misuse of the program distorts the pharmaceutical market, undermines trust in safety-net programs, and increases costs for employer-sponsored and jointly managed health plans that are not eligible for 340B discounts; and

WHEREAS, such jointly managed health plans, which provide comprehensive healthcare coverage for millions of American workers and retirees, are especially impacted by programs that shift costs or promote inefficient drug distribution systems; and



WHEREAS, creating or enforcing 340B-related policies at the state level would result in a patchwork of regulations across 50 states, creating complexity, compliance burdens, and increased costs for jointly managed health funds and their contributing employers that operate regionally or nationally; and

WHEREAS, the 340B program is governed under federal law and should therefore be reformed through federal legislation to ensure a consistent and effective approach across all states and market participants; therefore

BE IT RESOLVED, that the trade union and company trustees of PILMA oppose state-level legislative efforts to regulate and intervene in the 340B Drug Pricing Program, due to the burdens such policies would place on national and multi-state jointly sponsored health plans; and

BE IT FURTHER RESOLVED, that PILMA calls on Congress to enact meaningful reform of the 340B program, including:

- Clarifying program eligibility and use of contract pharmacy arrangements
- Increasing transparency regarding the revenues generated by covered entities, third party administrators, and contract pharmacies through 340B
- Requiring reporting on how 340B savings are used to directly benefit vulnerable patients in underserved communities; and

BE IT FURTHER RESOLVED, that PILMA will advocate for strong federal guardrails to prevent misuse of the 340B program and to ensure it remains a true safety-net tool that supports patient care for vulnerable and low-income patient populations —not a revenue-generation mechanism for bad actors.

Citations:

1. Health Resources & Services Administration (HRSA). “340B Drug Pricing Program.” <https://www.hrsa.gov/opa>
2. MedPAC. “Report to the Congress: Overview of the 340B Drug Pricing Program.” May 2022.
3. Government Accountability Office. “Drug Discount Program: Federal Oversight of Compliance at 340B Contract Pharmacies Needs Improvement.” GAO-18-480. June 2018.
4. New England Journal of Medicine. “The 340B Drug Discount Program — Is Bigger Better?” Desai & McWilliams. October 2018.