

# Commentary: Stop abuse of federal program to lower drug prices

The 340B drug pricing plan is meant to help low-income patients. It needs better oversight in this state.

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By Lee Newgent / *For The Herald*

Working families are feeling the squeeze. Health care costs keep climbing; wages aren't keeping pace; and union health plans are under growing pressure to do more with less.

That's why it's worth taking a hard look at the federal [340B drug discount program](#).

340B is a federal program created to provide discounted prescription medications to low-income and underserved communities. This little-known program requires pharmaceutical manufacturers to sell drugs for as little as a penny to hospitals and clinics serving large numbers of uninsured and Medicaid patients.

It's a laudable goal; one our members can support. We're all about extending a helping hand to those in need.

What we can't support is the Jekyll and Hyde transformation of this program.

That was intended to serve the little guy has become a monster cash cow for large hospital systems, major pharmacy chains and the pharmacy benefit

manager corporations that operate them. Profits they generate through the program have even become a major subject on their earnings calls with Wall Street.

This has happened because the program completely lacks transparency and accountability.

First, 340B discounts aren't limited to low-income patients. Once a hospital or clinic demonstrates that enough of their patients are low-income to participate in the program, it can buy all its medications at the discounted price. So, when Medina millionaires drive across the bridge for care at UW Medicine, the hospital can buy their prescription drugs at the lower price.

Then, once the hospital or clinic has received the discount, there's no requirement that those savings be passed on to patients. They can turn around and charge the patient (or their insurer) literally thousands of dollars for drugs they bought for a fraction of that price.

Nationally, between 2012 and 2022, assets of hospitals participating in 340B increased by 25 percent, while their charity care decreased 2 percent. Here in Washington, charitable care accounts for only 1.9 percent of 340B hospitals' operating costs; more than two-thirds of them deliver less than the 2.5 percent national average for charitable care.

While we don't know exactly where the money is going, we know all too well where it's coming from: Us. All of us. The 340B program increased drug spending of Taft-Hartley plans by 4.7 percent per claim, driving up costs by at least \$416 million per year.

Our members shouldn't be paying more for their health care to line the pockets of corporate chains and Wall Street investors.

With this much money at stake, Washington needs to step up its oversight of health care provider participation in 340B. Over the last decade, the state has conducted fewer than 50 audits of program participants; but more than half of those returned adverse findings.

In our work, we know that you can't build anything of lasting value on a foundation that isn't structurally sound. It's a lesson our legislators should keep in mind as they consider the future of the 340B prescription drug program.

*Lee Newgent is the Washington state representative for the [Pharmaceutical Industry Labor Management Association](#).*

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