Fact Sheet

The Cost of 340B to **Hawaii**

Introduction

The 340B Drug Pricing Program is a federal program in which manufacturers provide heavily discounted drugs to qualifying hospitals and clinics. Despite claims by its advocates that it is "free", it increases healthcare costs for employers and their workers due to lost drug rebates.[1] New research has estimated the financial impact of the 340B program on each state.[2]

The Cost of the 340B Program

- 340B is costing Hawaii employers and workers $22M annually (see table)
- This will increase to $29M if Hawaii passes a law mandating contract pharmacies
- The cost of 340B per beneficiary for state and local government employers is about 6% higher than for commercial employers
- Hawaii has lower than average 340B activity but may experience higher growth if its metrics converge to national averages

Annual Cost of 340B to Hawaii

PER BENEFICIARY	TYPE	TOTAL COST	COST TO GOVERNMENT[3]
$34	Lost rebates	$22M	$3M
$11	Contract pharmacy mandate	$7M	$1M
$45	**Total**	**$29M**	**$4M**

Hawaii's 340B Landscape

340B utilization[4]

10% Cost of 340B can grow higher since national average utilization is 12%

340B facilities/100k pop.

15.9 This is above the national average of 15.8

Medicaid expansion[5]

Yes Helped hospitals qualify for 340B

1. The cost of the 340B program part 1: self-insured employers
2. The cost of the 340B program to states
3. Cost to Government is defined as the costs of 340B to all state and local governments' health plans in a state.
4. 340B Utilization is defined as % of drugs (sold or administered) estimated to be 340B eligible.
5. Unintended consequences: how the ACA helped grow the 340B Program

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