

A Closer Look *at 340B*

Largely hidden from public view, the [340B Drug Pricing Program](#) has grown to become the second-largest federal drug program in the United States. The 340B program reached [\\$81.4 billion](#) in discounted drug purchases in 2024, a 23% increase over the prior year and [50% larger](#) than total net Medicaid prescription drug spending.

How did the program reach this size? 340B was enacted to increase access to comprehensive care for low-income and uninsured Americans. But in the absence of oversight and transparency, the program has strayed far from that purpose. A program intended to help patients is now being abused to maximize profits for tax-exempt health systems and for-profit pharmacy chains.

340B-eligible hospitals mark up medicines by as much as

7X
the list price

Large hospitals and health systems buy 340B drugs at deeply discounted prices, mark up the price of the medicines [seven-fold or more](#), and pocket the profits from charging patients and payors this grossly inflated price. In 2024, large hospitals and health systems accounted for 87% of the [\\$81.4 billion](#) in 340B purchases.

[One report](#) found that a 340B-eligible hospital marked up a cancer drug 10 times the list price, received insurance reimbursement at nearly four times the list price, and still sent a \$2,500+ bill to a senior with metastatic breast cancer.

Sanofi has seen exceptional growth in 340B utilization: As high as **92% year-over-year** on certain products—significantly outpacing national demand for Sanofi products.

This growth is concentrated among the largest health systems in the country, where 340B utilization is skyrocketing. In fact, one large health system **increased its 340B purchases of Sanofi products by 6,600% year-over-year**. Many others increased 340B purchases by more than 200%.

Duplicate Discounts and Diversion

As 340B has grown more complex and less transparent, two program integrity problems have become harder to prevent and detect: [duplicate discounts](#) and [diversion](#).

Pharmacy benefit managers (PBMs) and public payors receive duplicate discounts on the same 340B claims to which hospitals and health systems receive a discounted 340B price. Duplicate discounts are an abuse of the 340B program, and in some instances, illegal.

Duplicate Discounts

When a drugmaker is forced to give more than one discount on the same prescription.

While it is often difficult for participating drugmakers to quantify duplicate discounting due to program opacity, the government's own oversight agency has [consistently found](#) that duplicate discounts compromise 340B program integrity—and the lack of federal oversight increases the risk of duplicate discounts occurring.

Diversion

When a 340B-discounted drug goes to someone who isn't an eligible patient.

Another form of abuse in 340B is diversion, which occurs when a 340B drug is provided to a person who is not a patient of the 340B hospital or health system. This type of abuse is always illegal under the 340B statute. However, [less than 1%](#) of all 340B covered entities receive a government audit despite consistent evidence of diversion when examined by authorities.

Sanofi's Approach: *A Credit Model to Strengthen Program Integrity*

Sanofi continues to support the original intent of the 340B program to improve healthcare for uninsured and vulnerable patients.



To help restore program integrity, Sanofi has developed a [Credit Model](#) consistent with federal law that would add a common-sense checks-and-balance approach to eliminate fraud and abuse of duplicate discounts and diversion, without disrupting patient care.



Under our **Credit Model**, covered entities simply submit a claim for their 340B-eligible drug, so that we can pay the difference between the 340B price and the list price.



To confirm 340B eligibility, our Credit Model only requires entities to provide limited data that they already provide to payors as part of the reimbursement system.

Policy Solutions

Abuse of the 340B program has intensified scrutiny from policymakers, who have increasingly called for greater program integrity.

We call on federal policymakers to also help restore 340B to its original intent and to provide much-needed oversight of this federal program by implementing the following policies:

Support Sanofi's innovative approach to providing program integrity with its Credit Model, which can identify duplicate discounts and diversion and help rein in 340B abuse.

Facilitate access to claims-level data so that relevant data elements and 340B transactions are linked to ensure program integrity and transparency either by requiring 340B hospitals to provide data to manufacturers or establishing a 340B data clearinghouse with appropriate guardrails.

Limit the number of contracted pharmacies and off-site outpatient facilities that 340B hospitals can use, both of which incentivize inappropriate utilization of the 340B program and contribute to 340B abuse.

Ensure that low-income and vulnerable patients benefit directly from the 340B program by requiring 340B hospitals to lower the out-of-pocket costs these patients pay for the 340B medicines they receive.