Study Links 340B Expansion With Higher ACA Premiums

Findings suggest an unintended consequence of 340B expansion is an association with ACA benchmark premium increases estimated at over $2 billion per year.

WASHINGTON, DC, UNITED STATES, September 8, 2025 /EINPresswire.com/ -- The 340B Drug Pricing Program has grown immensely since the Affordable Care Act (ACA) was passed in 2010. New research published in the journal INQUIRY finds that the growth in the number of active 340B hospitals and hospital child sites is associated with an increase in monthly ACA premiums, with a greater increase seen in areas with a higher density of 340B facilities.

“The Association of the 340B Program With Affordable Care Act (ACA) Premiums: A Longitudinal Analysis From 2018-2022” provides evidence of the impact of the 340B program on ACA premiums and the corresponding burden it places on taxpayers and enrollees. The study is authored by Neal Masia, PhD, of Health Capital Group; and James Motyka, PharmD, Kimberly Westrich, MA, and Jon D. Campbell, MS, PhD, of the National Pharmaceutical Council.

The 340B program requires pharmaceutical manufacturers participating in Medicaid and Medicare Part B to sell discounted outpatient drugs to 340B covered entities. Originally, covered entities primarily included disproportionate share hospitals and federal grantees. However, following the enactment of the ACA in 2010, enrollment in the 340B program ballooned to encompass thousands of covered entities and hospital child sites (e.g., outpatient clinics and treatment centers associated with the covered entity). Other research suggests that 340B covered entity child sites are often located in higher-income areas with high numbers of well-insured patients.

“It's important to understand the impact of the significant expansion of covered entities and child sites in the 340B program, given that most 340B covered entities sell these discounted drugs at higher rates to insurers,” explained Dr. Motyka, NPC Research Manager. “This research captures how the growth in the 340B program is associated with increases in ACA premiums.”

The researchers conducted a longitudinal analysis of ACA benchmark premiums across 3,043 U.S. counties between 2018 and 2022, looking at the relationship between plan premiums and hospital site density (HSD). Results point to a statistically significant relationship between 340B expansion and ACA premiums, specifically showing that:

• Over the course of the study period, each one-unit change in HSD was associated with a 1.1% change in the benchmark ACA premium.

• After adjusting for per capita income, hospital concentration index, and other factors, the mean 340B HSD accounted for 1.8% of ACA Silver Benchmark Plan monthly premiums — equivalent to $8.90 per month and a cost of over $106 per year per subsidized ACA enrollee.

• Applying the 1.8% estimate to the subsidy base implies that roughly $2.2 billion of the subsidies were associated with the growth in the 340B program.

• In counties with a higher proportion of 340B hospitals and hospital child sites, researchers found ACA premiums to be 5.7% higher compared with those in less concentrated counties, translating to a $28.36 per month premium difference between ACA plans with a high and low concentration of 340B hospitals and hospital child sites.

This study adds to a growing body of research that 340B program expansion increases healthcare costs. Previous research captured the relationship of growth of the 340B program to increases in employer-based health insurance premiums: 340B expansion accounted for 8% of the overall growth in employer insurance premiums between 2017 and 2023, translating to roughly $4.5 billion in increased costs for employees.

“Our latest work adds to the body of evidence showing that the 340B program is not ‘costless,’” said Dr. Campbell, NPC Chief Science Officer. “Results of this study indicate additional stakeholders that are financially burdened by 340B expansion — ACA enrollees and taxpayers.”

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