

# The Cost of 340B to California

*In 2025, workers and employers lost \$1.3 billion in negotiated rebates to 340B*

Despite advocates' claims that the 340B program is free, it raises costs for patients, employers, state and local governments, Medicare, and managed Medicaid. One way it increases costs is by displacing the negotiated rebates that are used to lower net drug prices. Research by IQVIA shows that workers and employers lost \$14.5 billion in rebates nationally in 2025 due to 340B.<sup>1</sup> The cost to California workers and employers in 2025 was \$1.3 billion.

## Cost of 340B to California workers and employers

| PER BENEFICIARY | PLAN TYPE                             | TOTAL COST      |
|-----------------|---------------------------------------|-----------------|
| \$65            | Private sector employees <sup>2</sup> | \$1,130M        |
|                 | Government employees <sup>3</sup>     | \$171M          |
|                 | <b>Total</b>                          | <b>\$1,301M</b> |

The cost of 340B to California has increased substantially in recent years due to program growth. From 2023 to 2025, the number of healthcare providers prescribing 340B drugs, the number of 340B facilities, and the value of 340B drug purchases all increased.

## 340B growth in California: 2023 to 2025

| 340B PRESCRIBERS |        | 340B FACILITIES <sup>4</sup> |        | 340B DRUG PURCHASES <sup>5</sup> |        |
|------------------|--------|------------------------------|--------|----------------------------------|--------|
| #                | GROWTH | #                            | GROWTH | #                                | GROWTH |
| 95,997           | +21%   | 2,287                        | +24%   | \$16 billion                     | +46%   |

340B utilization varies markedly across California and neighboring states, underscoring that the program's financial burden is not borne uniformly.

## California vs. neighbors

| STATE             | 340B UTILIZATION <sup>6</sup> | COST PER BENEFICIARY |
|-------------------|-------------------------------|----------------------|
| CA                | 11%                           | \$65                 |
| OR                | 21%                           | \$122                |
| NV                | 6%                            | \$35                 |
| AZ                | 8%                            | \$49                 |
| <b>Total U.S.</b> | <b>14%</b>                    | <b>\$81</b>          |

1. The cost of 340B to states. IQVIA. 2026 (to appear).
2. Includes employer-sponsored plans and ACA health plans.
3. Includes state and local government employees.
4. Based on 340B "parent" facilities, not satellite sites or contract pharmacies.
5. 340B drug purchases at Wholesaler Acquisition Cost (WAC).
6. Percentage of 340B business by state, averaged over drug purchases and claims.