

The Cost of 340B to Alabama

In 2025, workers and employers lost \$158 million 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.¹ The cost to Alabama workers and employers in 2025 was \$158 million.

Cost of 340B to Alabama workers and employers

PER BENEFICIARY	PLAN TYPE	TOTAL COST
\$60	Private sector employees ²	\$135M
	Government employees ³	\$23M
	Total	\$158M

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

340B growth in Alabama: 2023 to 2025

340B PRESCRIBERS		340B FACILITIES ⁴		340B DRUG PURCHASES ⁵	
#	GROWTH	#	GROWTH	#	GROWTH
27,499	-8%	1,830	+5%	\$2.5 billion	+42%

Alabama has lower 340B utilization than neighboring states, leaving substantial headroom for growth as large hospital systems and contract pharmacy networks continue to expand their footprint in the state.

Alabama vs. neighbors

STATE	340B UTILIZATION ⁶	COST PER BENEFICIARY
AL	10%	\$60
TN	12%	\$71
GA	11%	\$66
MS	22%	\$130
Total U.S.	14%	\$81

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.