

The Cost of 340B to Michigan

In 2025, workers and employers lost \$649 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 Michigan workers and employers in 2025 was \$649 million.

Cost of 340B to Michigan workers and employers

PER BENEFICIARY	PLAN TYPE	TOTAL COST
\$121	Private sector employees ²	\$577M
	Government employees ³	\$72M
	Total	\$649M

340B also displaces rebates in managed Medicaid, which cost the state of Michigan \$89M in 2025.

Cost of 340B to Michigan managed medicaid

PER BENEFICIARY	STATE'S TOTAL COST
\$60	\$89M

The cost of 340B to Michigan 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 Michigan: 2023 to 2025

340B PRESCRIBERS		340B FACILITIES ⁴		340B DRUG PURCHASES ⁵	
#	GROWTH	#	GROWTH	#	GROWTH
79,520	+12%	2,546	+14%	\$6 billion	+45%

Compared to its neighboring states, Michigan has disproportionately high 340B utilization and hence cost.

Michigan vs. neighbors

STATE	340B UTILIZATION ⁶	COST PER BENEFICIARY
MI	21%	\$121
IL	12%	\$71
OH	16%	\$90
IN	14%	\$83
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.