

340B in New York: Growing Far Beyond Its Safety-Net Mission

The 340B Drug Pricing Program was designed to help safety-net providers serve low-income communities. Today, it accounts for \$81.4 billion in annual drug purchases¹ and increasingly influences how healthcare markets operate — driving up costs for employers and working families through lost rebates, health system consolidation, and incentives to prescribe higher-priced drugs.²

70% of New York’s 158 hospitals participate in the 340B program.^{3,4} 340B expansion has become a revenue driver for providers — often with limited transparency and oversight. These maps illustrate that reality: 340B activity is concentrated in urban, suburban, and high-income areas with commercially insured patients.

Despite 340B’s intention to expand the reach of the safety net, contract pharmacy and outpatient “child site” networks in New York and beyond span higher-income communities and frequently cross state borders.

CONTRACT PHARMACY NETWORKS: STATEWIDE AND NYC

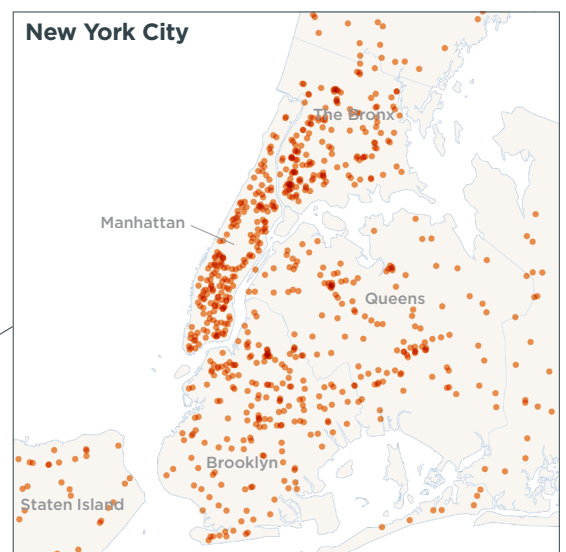
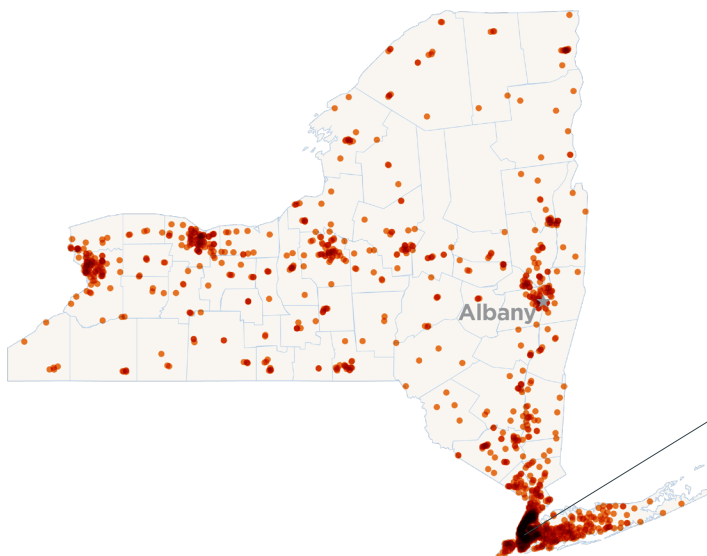


64% of New York contract pharmacies are located in high-income areas⁵

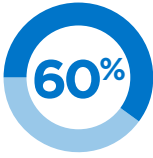
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New York entity contract pharmacies are located out-of-state⁵

Through 6,173 external pharmacy contracts, New York’s 340B hospitals have expanded far beyond their own communities, as for-profit national chains and PBMs dominate participation. These networks cluster in the New York City metro area and suburbs of other major cities, reaching into urban, suburban, higher income, and even out-of-state markets, rather than focusing narrowly on underserved areas. Even within New York City, contract pharmacies are disproportionately located in areas like Manhattan’s Upper East Side, while underserved areas such as southeastern Queens and south Brooklyn have relatively fewer.⁸



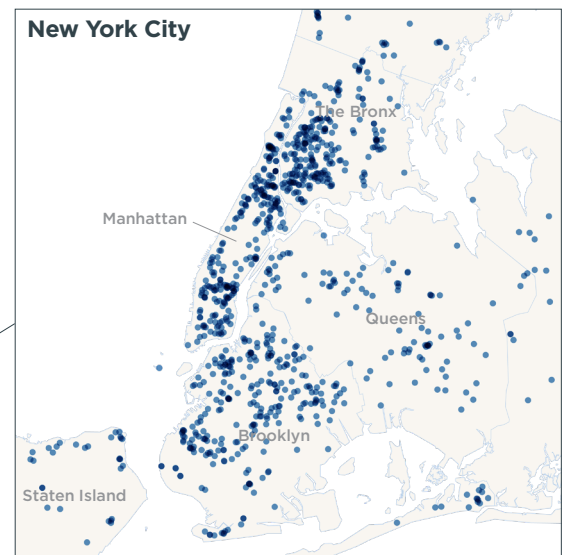
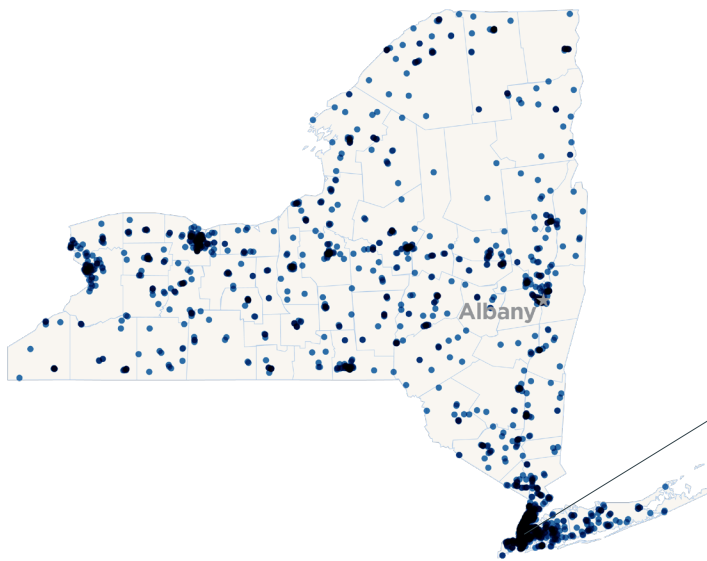
CONTRACT ENTITIES AND “CHILD SITES”: STATEWIDE AND NYC



of “child sites” are located in a higher-income area than the “parent” hospital⁶

11 off-site outpatient clinics per “parent” hospital, on average⁷

To maximize their 340B footprint, hospitals can acquire physician practices in well-insured areas and designate them as “child sites” — thus qualifying their prescriptions for 340B. These sites also cluster in higher-income markets, including parts of Manhattan, rather than aligning solely with the underserved and rural communities often cited to justify program expansion. This creates clear incentives for consolidation, which the CBO identifies as a 340B growth driver that expands hospital market power while employers shoulder the costs.⁶



¹ HRSA
² 340B By the Numbers
³ HRSA OPAIS Database
⁴ KFF

⁵ Pioneer Institute
⁶ Avalere Health
⁷ CBO
⁸ AIR340B