

The 340B Impact on Rural Hospitals and how the National Grange is stepping up



When a rural hospital closes, a community does not simply lose a healthcare provider. It loses jobs. It loses economic stability. It loses emergency capacity. It loses a cornerstone institution that families depend upon, and too often, it loses hope.

That is why the National Grange is deeply concerned about threats to the integrity of the **340B Drug Pricing Program**, particularly practices that divert resources away from the rural providers the program was designed to support. Nearly 200 rural hospitals have closed or discontinued inpatient services since 2010, leaving millions of Americans with diminished access to care.

What is 340B?

Created by Congress in 1992 under the Public Health Service Act, the 340B program requires drug manufacturers to provide significant discounts on outpatient medications to eligible safety-net providers, including rural hospitals and clinics.

These providers can bill insurers at standard rates for those medications, using the savings generated to expand care for uninsured and underserved patients and to support critical community health services.

What's the problem?

A recent Grange Avalere study found that some non-rural hospitals are taking advantage of the 340B program by gaining Rural Referral Center (RRC) status, even though RRCs were created to support hospitals serving rural patients.

This can divert resources away from true rural hospitals, increasing financial pressures and threatening their survival.

Greater transparency and accountability are needed to ensure 340B savings are used to support low-income and underinsured patients in rural communities.




97% of 340B drug claims occur in urban hospitals



The program is rapidly expanding

Annual Spending on 340B Drugs

\$6.6 billion in 2010		\$43.9 billion in 2021
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average annual increase of 19% ¹

The significant growth in annual spending on 340B drugs while rural hospitals continue to close has raised serious concern.

¹According to a 2025 report by the Congressional Budget Office

We want common sense solutions that will...

- Protect rural providers from unintended harm.
- Recognize the disproportionate financial vulnerability of rural providers.
- Prevent policies that unintentionally accelerate rural hospital closures.
- Ensure continued access to a full range of medicines, including specialty drugs, in rural communities.
- Reform 340B without weakening rural healthcare.
- Close loopholes that allow non-rural hospitals and Rural Referral Centers to take unfair advantage of programs intended for rural communities.

The National Grange urges policymakers to make 340B reforms that ensure discounted drug savings while protecting program eligibility to true rural hospitals and rural demographics.