

# Hospital Pricing Abuse:

## Hospitals Mark Up Costs & Pocket Discounts



Large hospital systems abuse their pricing power by marking up the cost of medicines and other goods, keeping government-mandated discounts, and capitalizing on tax breaks—all making healthcare more expensive for employers and working families. As a result, **8 in 10 employers now view high and rising hospital prices as a significant threat to healthcare affordability.**<sup>1</sup>

As America's employers, we are sounding the alarm on these abusive pricing practices. Here's what you need to know:



### **Employers and working families bear the brunt of hospital industry markups.**

On average, hospitals charge employers and employees 250% more than Medicare for the same services—a rate that can go as high as 700% for some employers.<sup>2</sup>



**The magnitude of hospital industry markups is significant.** The average mark-up for a cancer medication can range from 118-663% of a hospital's acquisition cost.<sup>3</sup>



**Some large nonprofit hospital systems operate like for-profit entities, abusing their tax-exempt status to drive profits.** Despite claiming tax-exempt status, about 45% of nonprofit hospitals routinely send bills to low-income patients who should qualify for charity care.<sup>2</sup>



**Big hospital systems have expanded their footprint to rake in government subsidies tied to patient volume, while continuing to bill employers at exorbitant rates.** As a result, non-profit hospital systems can have higher net margins than major for-profit companies like Amazon, ExxonMobil and Walt Disney.<sup>4</sup>

## Gaming the System: Spotlight on 340B

One of the most egregious examples of hospital industry markups occurs in the 340B Drug Discount Program, which allows hospitals to purchase medications at steep, government-mandated discounts intended to support low-income communities. However, many hospitals mark up the price for commercially insured patients, keeping the difference.

### **DID YOU KNOW?**

- 340B program revenue has **ballooned significantly, from \$2.4 billion in 2005 to \$66.4 billion in 2023**, without meaningfully benefiting the communities it was intended to serve.<sup>5</sup>
- Growth in the 340B program was associated with approximately **\$23 billion in increased healthcare costs for employers in 2023.**<sup>6</sup>

We urge policymakers to rein in these abuses and promote greater transparency, accountability, and oversight in the hospital industry. To learn more about the movement for fair hospital pricing practices, visit the Employers Against Hospital Pricing Abuse website at [hospitalpricingabuse.org](https://hospitalpricingabuse.org).

<sup>1</sup> <https://www.nationalalliancehealth.org/wp-content/uploads/Pulse-of-the-Purchaser-Fall-2024.pdf>

<sup>2</sup> [https://www.nationalalliancehealth.org/wp-content/uploads/NationalAlliance\\_HPT\\_RPT\\_2023\\_M-FINAL.pdf](https://www.nationalalliancehealth.org/wp-content/uploads/NationalAlliance_HPT_RPT_2023_M-FINAL.pdf)

<sup>3</sup> <https://www.pharmaceutical-technology.com/pricing-and-market-access/precise-magnitude-hospital-markups-us/>

<sup>4</sup> <https://www.statnews.com/2025/05/27/hospital-utilization-rates-boost-q1-profits-republican-medicaid-cuts-cloud-future/>

<sup>5</sup> <https://www.kff.org/key-facts-about-hospitals/?entry=hospital-finances-340b-drug-pricing-program>

<sup>6</sup> <https://www.healthcapitalgroup.com/340b-state-insurance-premiums>

**EMPLOYERS AGAINST  
HOSPITAL PRICING ABUSE**

