

New Report: Increasing Number of 340B Hospitals Provide Minimal Charity Care

64 Percent of 340B Hospitals Provide Less Charity Care than the National All-Hospital Average

WASHINGTON, D.C. (May 12, 2016) – The Alliance for Integrity and Reform of 340B (AIR340B) today released a new report using public data analyzed by Avalere Health that found a dramatic decline in charity care provided by 340B hospitals in 2014—the first year of the Affordable Care Act’s coverage expansion. Specifically, more than one-third (37 percent) of 340B hospitals provided charity care representing less than 1 percent of total patient costs in 2014. This is notably higher than the 24 percent of hospitals with that low level of charity care in 2011.

“It is alarming to see such low levels of charity care at 340B hospitals given the intent of the program,” said Stephanie Silverman, spokesperson for AIR 340B. “If 340B-participating hospitals are safety-net entities serving vulnerable or uninsured patients, then charity care levels should be significantly higher.”

Other key findings from the report, which looked at fiscal year 2014 Medicare cost reports, include:

- The national average level of charity care for both 340B hospitals and non-340B hospitals dropped from 3.3 percent to 2.2 percent from 2011 to 2014.
- In total, 64 percent of 340B hospitals provide less charity care than the national average for *all* hospitals, including for-profit hospitals.
- Similar to the results from Avalere’s [previous analysis](#), a small number of 340B hospitals account for the bulk of overall charity care. Namely, about one in four (24 percent) 340B hospitals are providing 80 percent of all charity care delivered by 340B hospitals, even though these hospitals account for less than half (45 percent) of all 340B hospital beds.

The report notes one potential reason for the increase in low charity care levels is the Affordable Care Act’s expansion of insurance coverage and Medicaid. While more Americans have become insured, the 340B program has not adjusted its eligibility criteria to align with the program’s original intent to offer targeted assistance to entities serving as a safety-net for vulnerable or uninsured patients. As a result, more and more hospitals are qualifying for the 340B program due to treating an increasing share of Medicaid patients, yet many 340B hospitals are providing dismal levels of charity care to underserved populations.

“340B is a critical program created to ensure our nation’s most vulnerable patients get the care they need, but AIR340B is concerned that charity care rates among 340B hospitals are not significantly higher. We need to revise program eligibility criteria to target true safety-net hospitals and do more to keep the program on track, so patient needs supersede hospital profits,” Silverman said.

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The Alliance for Integrity and Reform of 340B (AIR 340B) is a coalition of patient advocacy groups, clinical care providers, and biopharmaceutical innovators and distributors dedicated to reforming and strengthening the 340B program to ensure it directly supports access to outpatient prescription medicines for uninsured or vulnerable patients. www.340Breform.org