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340B Hospitals Are More Likely to Acquire Physician Practices, New Study Suggests

New Report Examines Physician Practice Acquisitions in 340B Drug Pricing Program

WASHINGTON, D.C. (June 8, 2015) – A [new analysis](#) released today by Avalere Health and funded by the Alliance for Integrity and Reform of 340B (AIR 340B) found hospitals participating in the 340B Drug Pricing Program were more likely to acquire independent physician practices than non-340B hospitals.

Researchers examined 4,865 hospitals and patterns in patient volume to identify potential acquisitions. Key findings include:

- 61 percent of hospitals identified in the study as potentially acquiring physician practices between 2009 and 2013 participated in the 340B program compared to a 45 percent 340B participation rate among all hospitals in the dataset.
- Of these facilities, more than 80 percent participated in 340B both during and prior to the acquisition month.
- Among patients receiving physician-administered drugs at hospitals identified as potentially acquiring physician practices, cancer patients represented the largest share of patients and therefore might have been impacted the most .

“Given the higher practice acquisition rates among 340B hospitals compared to non-340B hospitals, policymakers should take a closer look at whether the opportunity to profit off the 340B program is fueling this trend and its potential to increase costs to our health care system,” said Stephanie Silverman, spokesperson for the AIR 340B. “This research offers one more example of why 340B needs reform to ensure the program works for vulnerable patients as intended.”

This study looks beyond past research on hospital acquisitions, which largely focused on the higher costs associated with the acquisition of physician practices by hospitals, to the likelihood of acquisitions among 340B and non-340B entities.

Over the last decade, the number of 340B sites has more than doubled, and the trend continues despite a decrease in the number of uninsured Americans. This [significant growth](#) has been attributed to several possible factors, including eligibility increases under the Affordable Care Act to include new hospital types, Medicaid expansion causing more hospitals to reach the eligibility threshold and broader hospital awareness of the 340B program. Researchers have also identified hospital acquisitions of physician-based oncology practices, in particular, as a key driver of program growth. Still, it is not clear the benefits of 340B are reaching the vulnerable patients the program was created to help.

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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 indigent patients. www.340Breform.org