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NEW REPORT: Medicare Part B Reimbursements Increase At 340B Hospitals But Decrease At Non-340B Hospitals

Concerns Continue Over Financial Incentives In The 340B Program

WASHINGTON, D.C. – Today, ahead of the Senate Health, Education, Labor, and Pensions (HELP) Committee hearing on 340B, the Alliance for Integrity and Reform of 340B (AIR340B) released a new report with analytics by the Berkeley Research Group (BRG) on Medicare Part B hospital outpatient reimbursements.

The new research found, in 2016, 340B hospitals accounted for nearly two-thirds of Medicare Part B reimbursements – while only representing slightly more than half of all Medicare hospital outpatient revenue. When taken into account with the Government Accountability Office findings that 340B DSH hospitals prescribe more or more expensive medicines to Part B beneficiaries, this new analysis suggests "Medicare patients treated in 340B hospitals have disproportionately high outpatient drug spend as compared to patients treated at non-340B hospitals." This pattern may be due to the financial incentives in the 340B program that drive increased medicine utilization at 340B hospitals.

Figure 2:
Percent Change in Share of Part B Hospital Reimbursement 2008-2016

Top 10 Part B Therapeutic Categories	340B	Non-340B
Auto-Immune	120.4%	- 49.5%
Respiratory	106.3%	- 43.5%
Bone-Related Diseases	98.5%	- 49.5%
Supporting Agent-Oncology	98.4%	- 49.6%
Muscle/Connective Tissue/Joint Disorders	68.9%	- 48.8%
Oncology	68.3%	- 44.1%
Diagnostic or Surgical Agent	40.2%	- 17.6%
Blood Diseases/Clotting Disorders	38.1%	- 36.0%
Neurological	34.4%	- 40.1%
Eye Disorders	13.4%	- 24.0%

Notes: [1] Analysis of Critical Access, Children's, and Short Term Acute Care Hospitals. [2] Diagnostic Surgical Agent reflects 2013

In particular, auto-immune (120 percent) and respiratory medications (106 percent) had the largest reimbursement increase. At the same time, non-340B hospitals saw huge declines in their share of Part B drug reimbursement across all 10 therapeutic areas. This shift raises yet more concerns about the financial incentives created by the 340B program and whether the program is still working as Congress intended. As noted in the report, "the data in this report, combined with recent analysis from BRG on shift in site of care, raise concerns about how these incentives drive care to costlier settings, resulting in higher costs to patients."

AIR340B applauds the Senate HELP Committee for holding its hearing today. The Committee's second 340B hearing of 2018 continues the growing list of bipartisan efforts to modernize the

340B program. Congressional oversight to fix the 340B program and ensure it benefits vulnerable or uninsured patients is critical for its long-term sustainability.

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The Alliance for Integrity and Reform of 340B (AIR340B) is a coalition of patient advocacy groups, clinical care providers, and biopharmaceutical innovators 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