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CONTACT:

Press@AIR340B.com

NEW REPORT: 340B Hospitals Continue to Provide Below Average Rates of Charity Care

Analysis Raises Questions about Qualification Criteria for Certain 340B Hospitals

WASHINGTON – According to a new report, [Left Behind: An Analysis of Charity Care Provided by Hospitals Enrolled in the 340B Discount Program](#), nearly two out of three 340B hospitals are consistently providing below average rates of charity care, which is defined as free or discounted hospital care provided to patients who meet certain income requirements. The report from the Alliance for Integrity and Reform of 340B (AIR340B) and Avalere Health analyzed charity care levels at 340B disproportionate share hospitals (DSH) and revealed that 29% of 340B DSH hospitals provide charity care that represents less than 1% of their total patient costs.

“Growing evidence has found that despite the exponential growth of the 340B program, hospitals are not reinvesting the savings into increased care for vulnerable patient populations. In fact, this analysis confirms the average amount of charity care provided by 340B hospitals has declined since 2011, with nearly two out of three 340B hospitals consistently providing below average rates of charity care,” the report states.

“The findings of this report raise questions regarding whether the criteria for participating DSH hospitals align properly with Congress’ intent for the program,” said Bob Dold, former Illinois Congressman and AIR340B spokesman. “While 340B hospitals’ charity care continues to decline, the program’s unchecked growth creates opportunities for bad actors to take advantage of 340B, pocketing savings meant to help underserved communities. Action is needed to strengthen the program’s eligibility standards.”

Clinics, federal grantees, and certain types of hospitals are eligible to participate in the 340B program. Grantees, like federally qualified health centers, hemophilia clinics, and Ryan White HIV/AIDS clinics, are required to demonstrate how they use 340B savings to help vulnerable patient populations as a condition of their grants. **There is [no such requirement](#) for hospitals to report how the program is used, or how the revenue derived from 340B is reinvested in care for vulnerable or uninsured patients.**

The report concludes that despite continuing to generate revenue through the 340B program, 340B hospitals are not always reinvesting that revenue back into patients who need it most. In order for the program to work as intended, eligibility criteria and reporting requirements should be reconsidered.

Key takeaways:

- 340B hospitals provide a level of charity care that is far below the 2.7% national average for all short-term acute care hospitals, regardless of 340B status.
- In total, 63% of 340B hospitals provide less charity care than the national average for all short-term acute care hospitals, including for-profit hospitals.
- The program has grown from \$6.9 billion to \$24.3 billion over five years while charity care, as well as uncompensated care, has declined substantially.
- Current eligibility criteria have allowed many hospitals to qualify for 340B discounts even though they may not serve significant numbers of vulnerable or uninsured patients or provide significant amounts of charity care.
- To promote a well-functioning 340B program designed to support access for needy patients, Congress should reconsider the eligibility criteria for hospitals.

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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