Media Contact:
Stacey Gross, Powell Tate
202.585.2259
sgross@powelltate.com

New Fact Sheet Compares, Examines Distribution of Physician Administered Drugs Among 340B and Non-340B Hospitals

Research Reveals 340B Hospitals Are Driving Growth and Distorting the Market

WASHINGTON, D.C. (February 2, 2016) – A new fact sheet released today by the Alliance for Integrity and Reform of 340B (AIR340B) uses research from the Berkeley Research Group (BRG) on Medicare Part B hospital outpatient reimbursements. The research found 340B hospitals account for the majority of Part B reimbursement compared to non-340B hospitals and 340B hospitals have been driving most of the growth in Part B reimbursement over time.

"This report reveals startling differences between 340B and non-340B entities in utilization across therapeutic areas—not just in oncology, as previously documented. This continued growth among a subset of hospitals is disconcerting," said Stephanie Silverman, spokesperson for AIR 340B. "The rapid growth of 340B raises questions about how the program has created perverse financial incentives that are undermining its sustainability and establishing a system driven more by utilization than by the best interest of the patient."

BRG examined the distribution of Medicare Part B reimbursement for physician-administered drugs to 340B and non-340B hospital outpatient departments from 2008 through 2014. Key findings reflected in the fact sheet include:

- In 2014, 49.7 percent of all Medicare hospital outpatient revenue was from 340B hospitals, while non-340B hospitals accounted for the remaining 50.3 percent.
- That same year, when looking just at Medicare Part B drug reimbursement, 340B hospitals accounted for 61 percent of reimbursements, with non-340B hospitals representing the remaining share.
- In nine of the top ten therapeutic categories, 340B hospitals accounted for substantially more than half of Medicare Part B hospital outpatient reimbursement.
- In all ten therapeutic categories, Part B reimbursements at 340B hospital outpatient departments increased from 2008 to 2014, while there were declines in reimbursements for non-340B hospitals across all ten categories.

This research adds to the growing body of research on the unsustainable growth of the 340B program, which is driven by expanded eligibility of hospitals, hospital acquisition of physician practices, multiple contract pharmacy arrangements and other legal and policy changes. Recognizing that growth in the program is not uniform across therapeutic categories, additional questions remain about the sustainability of the program. The data showing that Part B reimbursement is increasing at 340B hospitals while it is declining at non-340B hospitals raises questions about the financial incentives created by the program and whether it is still working as Congress intended. AIR340B believes now is the time for true program reform.

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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