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

Analysis Raises Questions about Qualification Criteria for 340B Hospitals

WASHINGTON – A new report, [Left Behind: An Analysis of Charity Care Provided by Hospitals Enrolled in the 340B Drug Pricing Program](#) shows 65% of 340B DSH hospitals provide lower than the national average in charity care. The report from the Alliance for Integrity and Reform of 340B (AIR340B) and commissioned by Avalere Health analyzed charity care levels at 340B disproportionate share hospitals (DSH). Charity care is defined as free or discounted health care provided to patients who qualify for a hospital's charity care program and are considered low income.

“During the eight years since AIR340B first released an analysis of hospital charity care, the 340B program has more than quadrupled in size (from \$9 billion in 2014 to \$38 billion in 2020) and yet most 340B hospitals continue to provide relatively low levels of charity care as a percent of their operating costs,” the report states.

Key Takeaways:

- 25% of 340B DSH hospitals provide charity care that represents less than 1% of their total operating costs.
- 65% of 340B DSH hospitals provide less charity care than the national average for all short-term acute care hospitals, including for-profit hospitals.
- A small share of 340B DSH hospitals account for most of the total charity care from all 340B hospitals – with just 29% of 340B DSH hospitals accounting for 80% of the total charity care provided by all 340B DSH hospitals in FY 2019.

“Another year of analysis exposes the harsh truths that currently exist in the 340B program – unchecked growth and little to no transparency for covered entities has left patients on the backburner of the conversation,” said **Bob Dold, former Congressman and AIR340B**

Spokesman. “The consistently low levels of charity care paired with dramatic growth in 340B program further proves 340B is not working how Congress intended. Changes are needed to strengthen the program’s eligibility standards and hold covered entities accountable.”

Clinics, federal grantees, and certain types of hospitals are eligible to participate in the 340B program. **However, there is no requirement as part of the 340B program for these covered entities 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 a large portion of 340B hospitals fail to provide an adequate amount of charity care to justify their participation in the 340B program. The mounting evidence, including this report, illustrates 340B hospitals are not always reinvesting that revenue back into patients who need it most. For the program to work as intended, eligibility criteria and reporting requirements should be reconsidered.

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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