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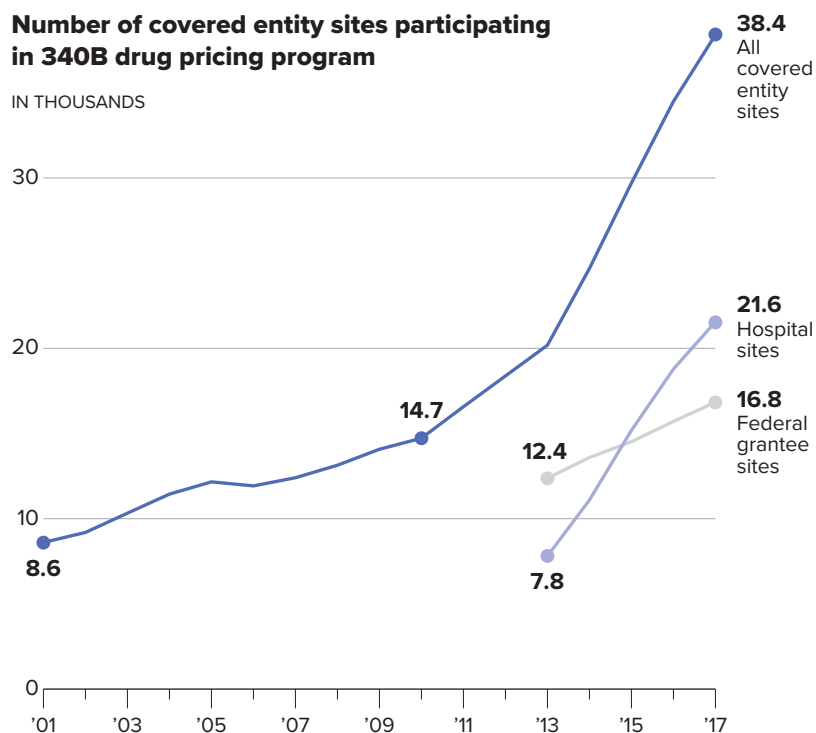
Growth in 340B Drug Program Mostly From Small, Rural Hospitals

The number of covered entity sites participating in the 340B program grew to more than 38,000 in 2017, according to GAO estimates. The 340B program requires pharmaceutical companies participating in Medicaid to sell outpatient drugs at a reduced cost to eligible health care providers that serve a disproportionate share of low-income and under-insured patients. The GAO attributes the drug pricing program's increased participation to growth among hospitals that first became eligible for 340B in 2010, with the passage of the Affordable Care Act. Of those newly eligible hospitals, the majority serve rural and other geographically isolated communities. Drug makers, as well as some administration officials and Republican lawmakers, have argued that 340B has grown too large in recent years and that participating hospitals are not doing a good job of sharing the savings with patients.

The Trump administration finalized a rule in November that expands the nearly 30 percent cut in the 340B program first implemented last year to also include participating off-campus hospital outpatient facilities. The administration also finalized a long-delayed Obama-era rule that will penalize drugmakers for overcharging providers in the 340B drug discount program, effective Jan. 1.

Number of covered entity sites participating in 340B drug pricing program

IN THOUSANDS



Sources: POLITICO Pro staff reports, Government Accountability Office

By Janie Boschma, POLITICO Pro DataPoint

Types of 340B hospitals, 2016

340B HOSPITAL	DESCRIPTION	NUMBER	% OF 340B HOSPITALS	FIRST YEAR OF 340B ELIGIBILITY
General acute care hospitals	DSH = Hospitals that serve a disproportionate number of low-income Medicare and Medicaid inpatients	992	45%	1992
Children's hospitals	DSH and serves inpatients predominantly age 18 or younger	47	2%	2006
Critical access hospitals	Small, rural, geographically isolated hospitals	995	45%	2010
Sole community hospitals	DSH and geographically isolated hospitals	129	6%	2010
Rural referral centers	DSH and high-volume rural hospitals that treat a large number of complicated cases	41	2%	2010
Freestanding cancer hospitals	DSH and independent, nonprofit hospitals that treat patients with cancer	3	<1%	2010

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