

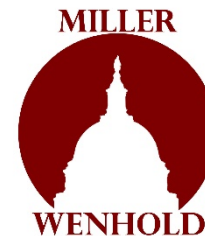
Jan. 2, 2019

## 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.

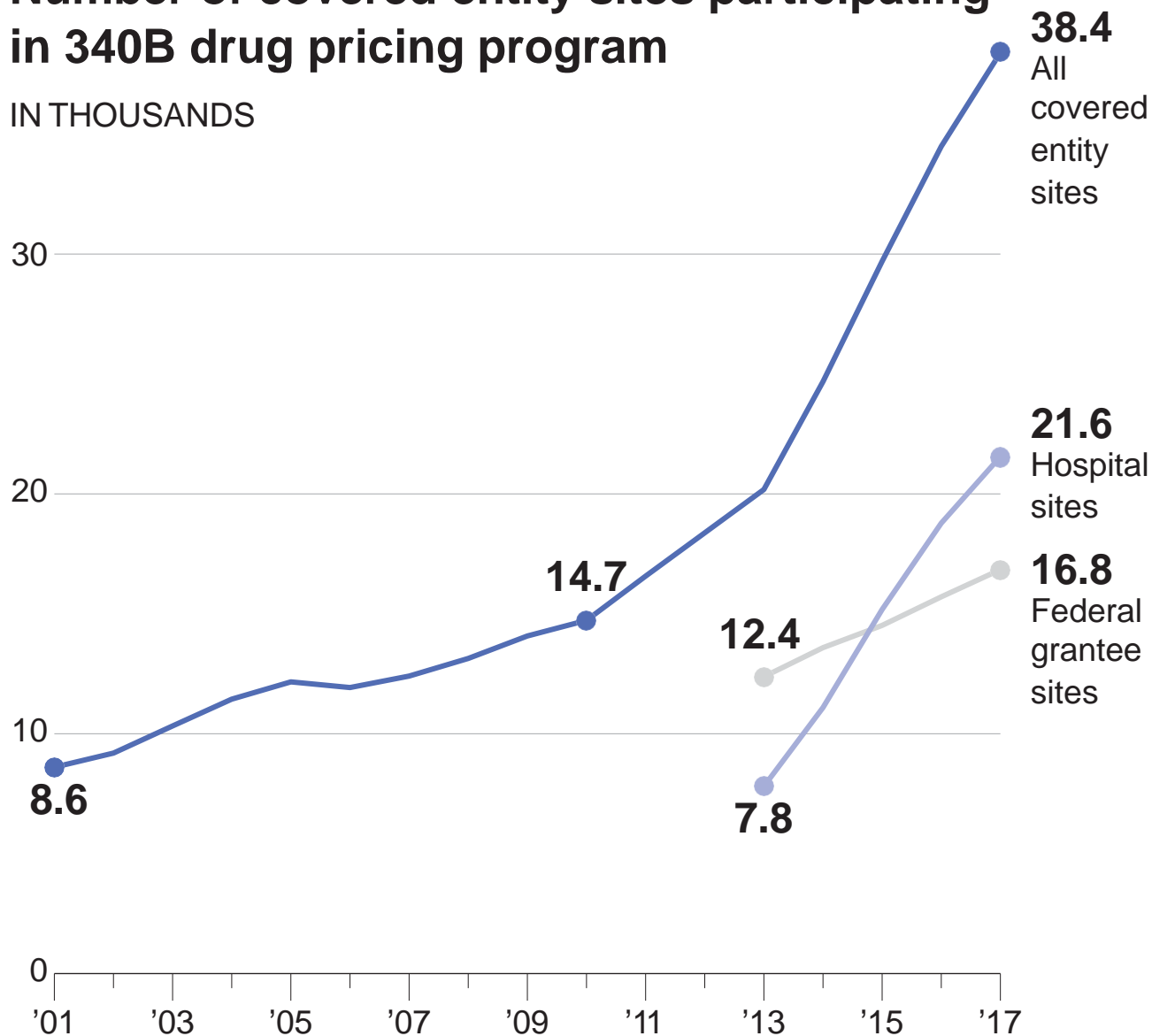
The GAO attributes the drug pricing program's increased participation to growth among hospitals that first became eligible for 340B in 2010, with the passage of the Affordable Care Act. Of those newly eligible hospitals, the majority serve rural and other geographically isolated communities.

Sources: POLITICO Pro staff reports, Government Accountability Office



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

IN THOUSANDS



## 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                           |