

# For 340B Hospitals, Financial Strength Does Not Translate into Charity Care

By Gauri Binoy

We hypothesize that these financially strong hospitals should perform strongly on charity care compared with state and national averages. We conclude that, because charity care levels are related to state-specific health care choices, state averages are a more appropriate comparison. The discounted pricing is intended to allow hospitals to use their resources to better serve patients and invest in community outreach.

Becker's analysis hypothesized that these 340B hospitals should perform strongly compared to national and state averages when it came to charity care.

Using Pioneer's [340B Data Tool](#), we pulled data for the hospitals falling under 340B classifications. Of the 53 hospitals listed in *Becker's*, 29 are classified as 340B hospitals/health systems. Of those 29, 18 hospitals/health systems underperformed the national average of 2.28 percent of operating expenses for charity care during 2022, the most recent year for which data are available. Twenty-two hospitals/health systems underperformed in charity care compared to their respective state averages.

Charity care is dependent upon whether states expanded their Medicaid programs, since without expansion, a state's relative average charity care percentage will be higher. Because of this, *Becker's* concluded that the state average is the more appropriate comparison. In more general terms, over 40 percent of the strongest hospitals in the United States are underperforming in charity care, despite receiving 340B drug discounts to promote charity care.

This evidence calls into question where hospitals are spending the money they save from drug price discounts. In addition, since hospitals qualify for the discounts because of the patient population they treat, one would assume that they would use the savings to benefit those patients. It further raises the question of whether those patient groups are able to access a range of drugs if they are presented at higher prices.

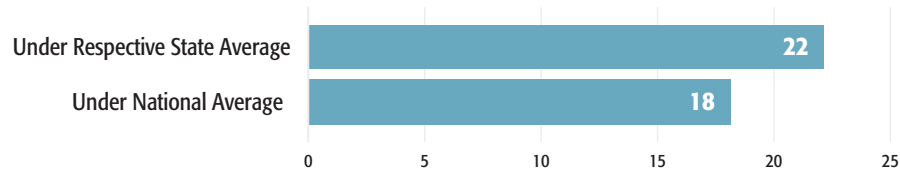
These findings call for higher levels of transparency in hospital operations, especially those hospitals that receive federal aid to improve access to care. To ensure that the savings from drug discounts are in fact going to improve patient care, hospitals must adhere to stricter guidelines concerning the provision of charity care.



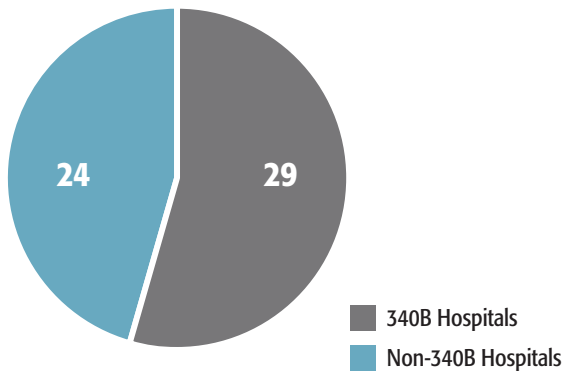
PIONEER INSTITUTE  
PUBLIC POLICY RESEARCH

**Gauri Binoy** is a second year MBA/MPH student at Yale University. She completed her undergrad from Cornell University with a BA in Biological Sciences and Developmental Sociology. During her undergraduate years, she found a keen interest in better understanding the intersection between policy and business in healthcare. Additionally, she did a plethora of work in public health, with an emphasis on access to care for the underprivileged and uninsured. Post-graduation, she relocated to Boston, where she was a healthcare consultant for Huron, working with hospitals and healthcare systems to create optimal solutions and improved workflows. She also took the role of a research assistant with the Pioneer Institute, a Boston-based policy think tank. At Pioneer, she developed an interest in pharmaceutical policy, specifically around understanding how the industry shapes patient access and care. This past fall, Gauri started a MBA/MPH dual degree at Yale, where she is addressing the health policy and business intersection through her work, courses, and research. She has spent the past summer as a Summer Scholar with the National Pharmaceutical Council. In the future, she hopes to work in spaces that will facilitate structural changes to lead to more equitable and sustainable healthcare solutions.

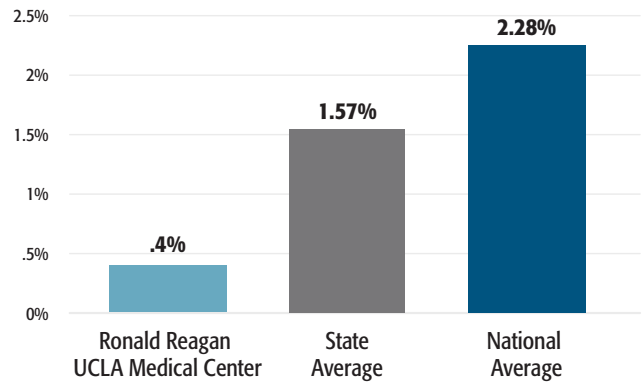
### 340B Hospitals Underperforming in Charity Care



### Becker's Hospital Classification



### Charity Care 2022 — Ronald Reagan UCLA Medical Center



**PIONEER INSTITUTE**  
PUBLIC POLICY RESEARCH

📍 185 Devonshire Street, Suite 1101 Boston MA 02110 📞 617.723.2277  
🌐 [www.pioneerinstitute.org](http://www.pioneerinstitute.org) 📘 [Facebook.com/PioneerInstitute](https://www.facebook.com/PioneerInstitute) 🐦 [Twitter.com/PioneerBoston](https://twitter.com/PioneerBoston)

