

In 2020 alone, 340B Tax-exempt Hospitals Provided More Than \$84 Billion in Total Benefits to Their Communities

Improving the health of their communities is at the heart of every hospital's mission.

Tax-exempt hospitals are required to publicly report on the ways in which they improve the health of the communities they serve yearly through the IRS Form 990 Schedule H, which is publicly available. In 2020, the most recent year for which this information is available, tax-exempt hospitals participating in the 340B drug savings program provided **\$84.4B in total benefits** to their communities. Total community benefits for 340B hospitals increased from \$67.9 billion in 2019 to \$84.4 billion in 2020, an over \$16 billion or 25% increase, even in the midst of an unprecedented pandemic.

340B Drug Savings Program

Congress created the 340B drug savings program to help those hospitals serving vulnerable communities stretch scarce federal resources as far as possible to support essential services for their communities.

Because it is funded by drug company discounts, not federal dollars, 340B doesn't cost the government one penny – but it makes a big difference to vulnerable communities.

For example, the 340B program helps Henry Ford Health in Michigan embed pharmacists in primary care and specialty clinics in Detroit to treat chronic diseases, and provide additional services for all patients including the meds to beds program, home delivery and courier services. As a result of savings from 340B, Nevada's Renown Regional Medical Center has been able to maintain an outpatient clinic for adult patients covered by Medicaid, treat a high number of pediatric patients covered by Medicaid, and retain staff and maintain an excellent standard of care when providing patients with inpatient chemotherapy and outpatient infusion services on-site. Johns Hopkins Hospital in Maryland uses 340B program savings to provide low-income patients with free and discounted outpatient drugs and other services, including telephone consultations, home visits and transportation services.

Community Benefit

In return for being exempt from federal taxes, non-profit hospitals are responsible for publicly reporting on the variety of benefits they deliver, which are tailored to the particular needs of the communities they serve. These include financial support for those in need as well as a wide range of programs and services designed to meet the current and future health needs of all of those they serve. Examples include tailored programs to address identified community health needs, such as access to prescription drugs for low-income populations, free vaccinations, chronic disease management programs, transportation services for follow-up appointments and mental health services. Despite the large and pervasive payment gap between Medicaid payments and the cost of care, hospitals also routinely help to qualify or otherwise transition patients without insurance to a Medicaid plan because it is better for patients.

Programs like these and many more strengthen the bond between America's hospitals and the communities they serve, and support hospitals' efforts to advance health in America.

340B Hospitals: Total Benefits to the Community

Type of Benefit* Provided (1,154 individual hospitals)	% of Total Hospital Expenses	Dollars Spent
Financial assistance, unreimbursed Medicaid, and unreimbursed costs from means-tested government programs	7.16%	\$40,577,346,704
Other benefits, including health professions education, medical research, cash and in-kind contributions to community groups	4.92%	\$27,885,286,418
FINANCIAL ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFITS	12.08%	\$68,462,633,123
Community-building activities	0.06%	\$351,120,748
Medicare shortfall	2.42%	\$13,745,958,544
Bad debt expense attributable to financial assistance	0.33%	\$1,865,524,783
TOTAL BENEFITS TO THE COMMUNITY	14.89%	\$84,425,237,198
*Schedule H Part I.7, Part II, Part III A.3, B.7		

How Benefits Were Calculated

The AHA contracted with Candid to create a file of all electronic IRS Form 990 Schedule H data submitted for the 2020 tax year. AHA identified 1,614 tax-exempt hospitals with 340B status, of which 1,154 (72%) are individual hospital Schedule Hs and approximately 460 (28%) are part of group filings that include non-340B hospitals. Using Schedule H data from the 1,614 340B hospitals, a representative sample of all 340B non-government exempt hospitals, and AHA Annual Survey data, AHA calculated the percent of total hospital expenses and dollars spent on benefits to the community by 340B hospitals. A more detailed technical appendix describing AHA's methodology is available upon request. Ernst & Young (EY) confirmed that "the methodology described above is consistent with the approach used by EY in our prior analyses of the Form 990 Schedule H."