



340B Covered Entity Report

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The Health Economics Program at MDH

- The Health Economics Program (HEP) conducts research and applied policy analysis to:
 - Monitor changes in the health care market
 - Understand factors influencing health care cost, quality and access
 - Provide objective, technical assistance to policymakers
- Our work is data-driven
- It is available as reports, issue briefs, data dashboards, presentation slides & testimony



- Background on the federal 340B Drug Pricing Program
- MN policy discussions
- Highlights from the 1st Legislative Report
- Conclusions and considerations

Background

The Federal 340B Drug Pricing Program

- Established in 1992 to support safety-net health care providers
- Eligible providers – Covered Entities – can acquire outpatient drugs at steep discounts from manufacturers
 - Use as **offset to uncompensated costs** from providing free or reduced-price drugs
 - Deploy as **source of revenue** from billing market rates significant above acquisition cost
- Lacks transparency & articulated expectations
- Has grown *significantly*
- Interacts with the Medicaid Prescription Drug program and other initiatives

Minnesota Policy Discussions

- Policymakers in 2023 discussed alternative ways of delivering Medicaid prescription drug benefits
- Medical systems were concerned about potential loss of revenue
- But: detailed & transparent information on the revenue at stake was unavailable
 - Volume of revenue
 - Distribution across payers
 - Revenue attributable to specific drugs
 - Distribution across provider types / Covered Entities

Legislation to Produce 340B Covered Entity Report

- Annual data collection (April) and legislative report (November) – a national 1st
- Focuses on net 340B revenue, with breakouts by:
 - Entity type
 - Payer type
 - Drug-product
- Does *not* include how 340B revenue is used / impact on patients & entities
- Amended in 2024: technical fixes and clarifications ([MS 62J.461](#))
- The Legislature's third major initiative to increase Rx pricing transparency

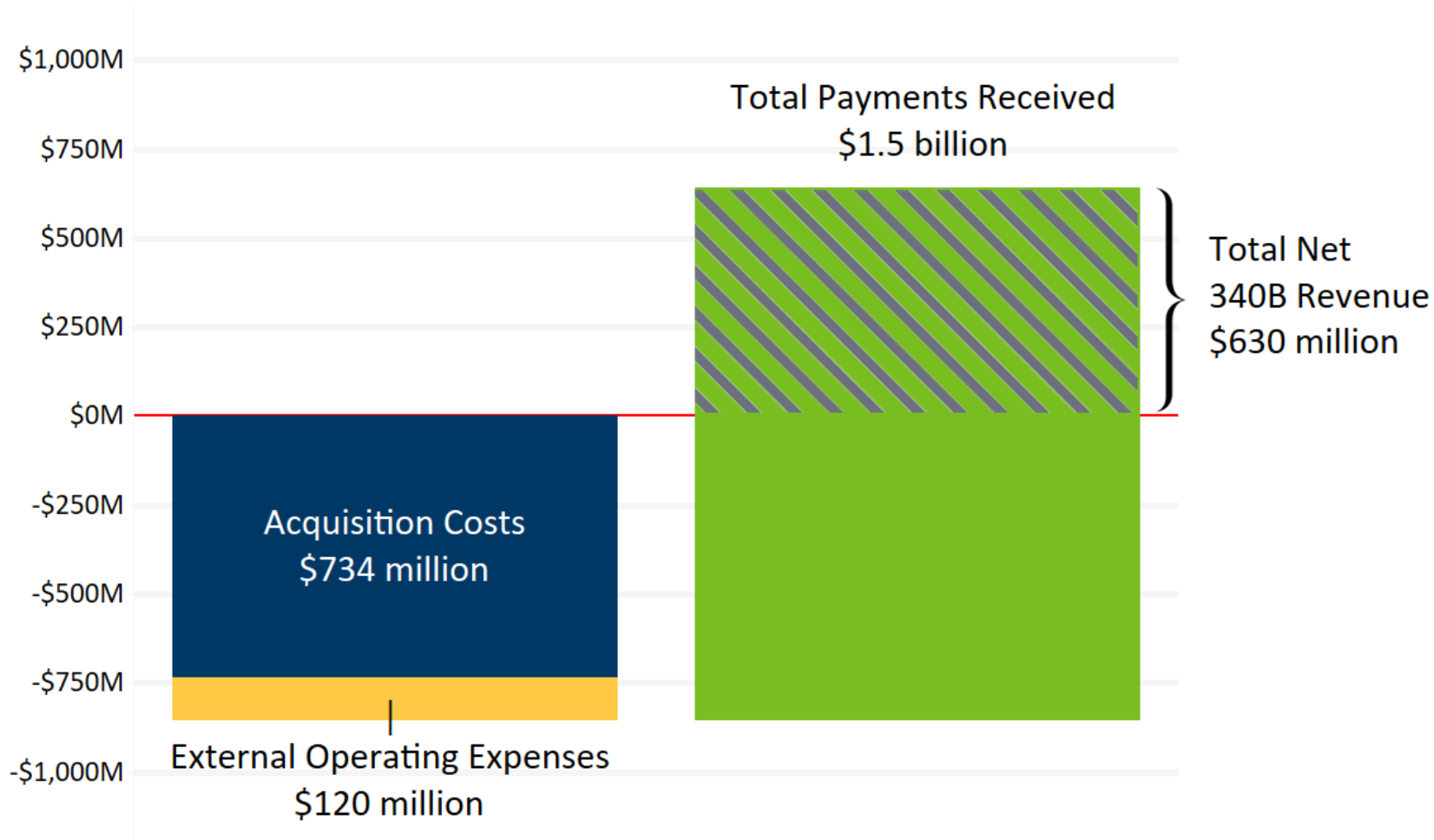
MN's 340B Covered Entity Report: Findings

Available online: <https://www.health.state.mn.us/data/340b/docs/2024report.pdf>

Covered Entity Reporting in Minnesota

Covered Entity Grouping		Expected to report	Reported	Sufficient Data to Include in Analysis
Hospitals	General Acute Care Hospitals	24	24	24
	Critical Access Hospitals	74	73	72
	Other Hospitals	8	8	8
Clinics	Disease-Specific Federal Grantees	78	67	66
	Safety-Net Federal Grantees	20	19	19
Total		204	191	189

Minnesota Covered Entities' 2023 Net Revenue



- Based on 4.6M reported Rx fills for outpatient drugs
- Reporting for most office-administered drugs is missing
- 2023 results represent significant underestimate

Net 340B Revenue by Type of Entity & Payer

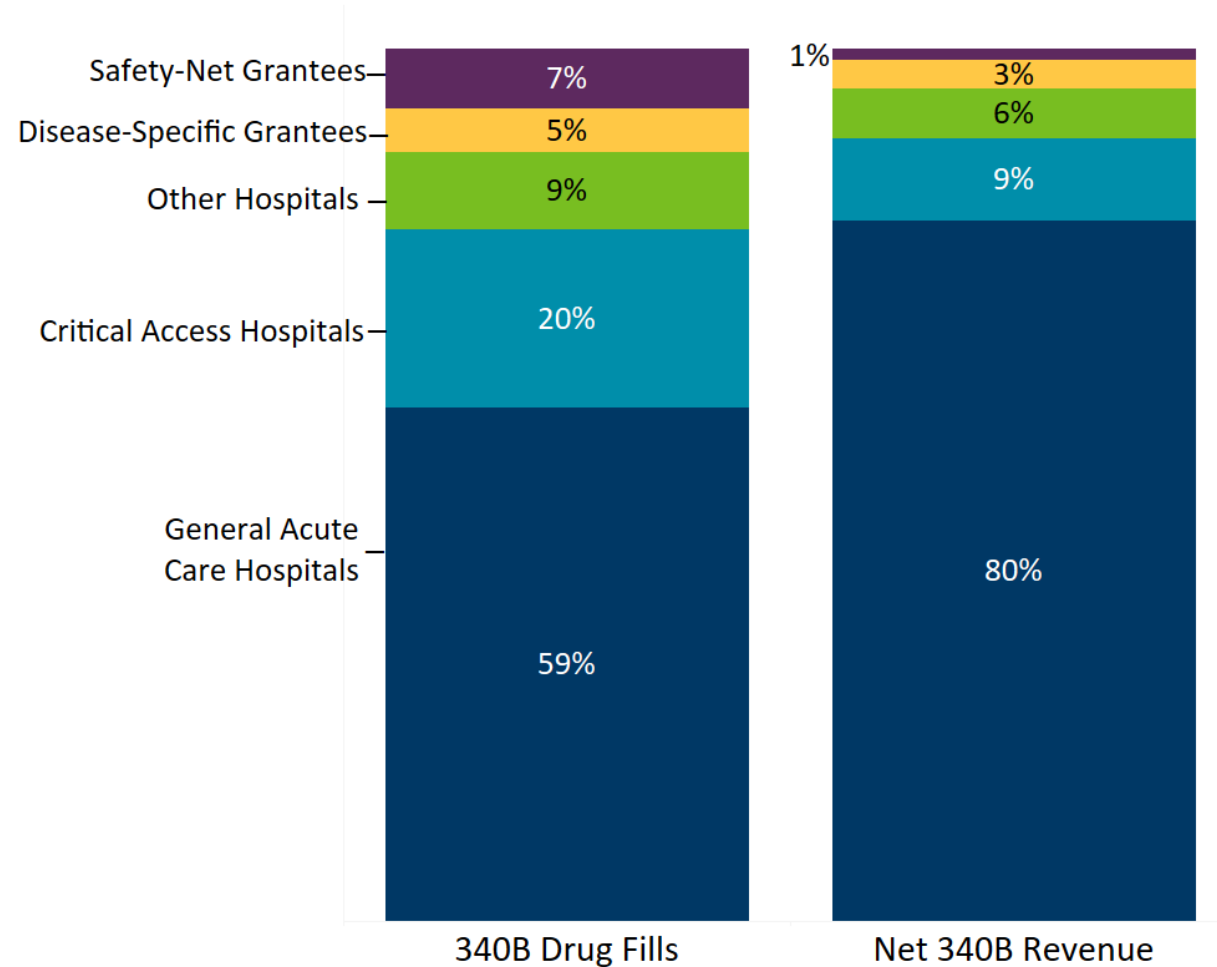
Covered Entity Groupings	Covered Entities	Total Net 340B Revenue
General Acute Care Hospitals	24	\$505,744,881
Critical Access Hospitals	72	\$59,624,576
Other Hospitals	8	\$36,303,924
Disease Specific Federal Grantees	66	\$20,731,659
Safety-Net Federal Grantees	19	\$7,857,313
Total	189	\$630,262,352

Payer Type	Total Net 340B Revenue
Commercial	\$343,236,687
Medicare	\$197,064,198
Minnesota Health Care Programs (MHCP)	\$86,587,184
Other	\$3,374,283
Total	\$630,262,352

Net 340B Revenue by Payer Type, 2023

Payer Type	Drug Fills (Count)	% of Drug Fills	Payments Received (\$)	Net 340B Revenue (\$)	% of Net 340B Revenue	Average Net 340B Revenue Per Drug Fill (\$)
Commercial	1,921,639	42%	908,854,110	343,236,687	54%	179
Medicare	1,107,475	24%	351,595,699	197,064,198	31%	178
Minnesota Health Care Programs	932,441	20%	169,854,222	86,587,184	14%	93
Other	640,023	14%	53,538,210	3,374,283	1%	5
Total	4,601,577	100%	1,483,842,241	630,262,352	100%	137

340B Drug Fills vs. Net 340B Revenue



Net 340B Revenue by Covered Entity for Select Entities

Scope of Reported Data	Covered Entity Name	City	Net 340B Revenue	% of Statewide Net 340B Revenue	% of Entity's 340B Net Revenue attributed to MHCP
Dispensed Only	M Health Fairview University of Minnesota Medical Center	Minneapolis	\$129,598,482	21%	1%
Dispensed Only	Hennepin Healthcare	Minneapolis	\$70,211,917	11%	54%
Dispensed Only	Essentia Health Duluth	Duluth	\$53,538,103	8%	0%
Dispensed Only	Abbott Northwestern Hospital	Minneapolis	\$31,773,835	5%	24%
Dispensed Only	CentraCare - St. Cloud Hospital	St. Cloud	\$27,310,115	4%	12%
Dispensed Only	Sanford Bemidji Medical Center	Bemidji	\$26,862,989	4%	6%
Dispensed Only	Regions Hospital	St. Paul	\$18,123,342	3%	17%
Dispensed Only	Children's Minnesota	Minneapolis	\$13,911,529	2%	84%
Dispensed Only	Fairview Range	Hibbing	\$12,979,661	2%	0%
Dispensed Only	Essentia Health-St. Joseph's Medical Center	Brainerd	\$11,012,509	2%	0%
Dispensed Only	M Health Fairview St. John's Hospital	Maplewood	\$4,462,704	0.7%	0%
Dispensed Only	Ne-la-Shing Clinic	Onamia	\$4,078,326	0.6%	75%
Dispensed Only	Hutchinson Health	Hutchinson	\$3,736,395	0.6%	0%
Administered & Dispensed	Stevens Community Medical Center	Morris	\$7,150,970	1%	0%
Administered & Dispensed	Winona Health Services	Winona	\$3,578,644	0.6%	0%

Hospital Drug-level Data

- MDH collected data on the top 50 dispensed drugs from each 340B hospital
- Accounts for 1 million prescription fills, or 25% of the total reported 340B drug fills at Minnesota hospitals (about 4 million fills)
- Key Findings:
 - The top 17 drug families by net 340B revenue accounted for 6% of fills but nearly 70% of the drug-level net 340B revenue
 - Primarily “specialty drugs”: Ozempic, Wegovy, Trikafta, Humira
 - Humira (adalimumab) accounted for 13% of total drug-level net 340B revenue

Conclusion and Considerations

Key Takeaways and Outstanding Questions

- Findings show **substantial net revenue** for Minnesota Covered Entities, but the 340B program is also **varied** across entity types.
- Because we did not receive complete reporting of administered drugs, data presented in this report **may represent as little as half—or potentially one-third—of total net 340B revenues.**
- In aggregate, these numbers **align with what we expect from national reporting.**

The findings are a significant contribution, but **important questions remain.**

- How do providers use net 340B revenue, and how does it relate to health care financing more broadly?
- How do 340B benefits extend to patients?
- What is the impact of program expansion on rising drug prices on national growth in 340B spending?
- What incentives does the program create across the prescription drug market & broader health care system?
- What is the impact on net 340B revenue and other metrics with all office-administered drugs are included?
- Are there more efficient ways to administer the program in order to reduce the reliance on external parties' administrative services which leads to lower net revenues?
- ...

Thank you.

Health Economics Program homepage: MDH, [Health Economics Program](#)

RxPT homepage/dashboard: [Rx Price Transparency](#) & [Data](#)

Health Care Market Slides: [Chartbooks](#)

MN APCD homepage/dashboard: [Minnesota All Payer Claims Database \(MN APCD\)](#)

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