

340B Covered Entities: Understanding the Hospital/Grantee Relationship

December 2022



Executive summary

Purpose

- To understand 340B hospital and grantee relationships

Methodology

- Xcenda researched relationships between 340B hospital and non-hospital (grantee) covered entities to determine the number of the following:
 - DIRECT relationships: Covered entities registered as both hospitals and grantees or grantees that are currently billing as hospitals
 - POTENTIAL relationships: Hospitals and grantees that may be operating under the same parent organization

Findings

- ~359 grantees were identified as a hospital or billing to a hospital, or ~2% of all grantees
- Another ~6% of all 340B grantees may be affiliated with a hospital or hospital system
 - Consolidated Health Centers (~56%) make up majority of grantees with direct and potential hospital affiliations, but affiliations exist across a wide range of grantee types
- ~13% of all 340B hospitals may be connected to a grantee or be affiliated with one
 - ~85% of these hospitals are DSHs (~73%) or Critical Access Hospitals (~12%)

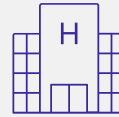
Understanding 340B

- The 340B program requires drug manufacturers to sell outpatient drugs at discounted prices to covered entities in order to have their drugs covered by Medicaid¹
- The 340B program was developed to help safety net providers assist patients access medicines¹
- Covered entities may access 340B pricing on outpatient drugs for all their patients, regardless of their insurance status and may retain the difference between drug acquisition cost (340B-discounted) and the price charged to insurers

1. HRSA. 340B Drug Pricing Program. Last reviewed May 2021. Accessed October 11, 2022. <https://www.hrsa.gov/opa/index.html>

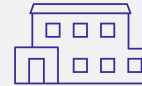
340B covered entities

- The definition of “covered entities” includes 6 categories of hospitals and 10 categories of non-hospital federal grantees¹
 - In October 2022, Xcenda calculated there were **33,194 hospital** and **21,479 federal grantee sites** active or approved in the 340B program²
- Covered entities enter into an agreement with a contract pharmacy to provide services to the covered entity’s patients, including dispensing entity-owned 340B drugs³



Hospitals

- Critical access hospitals
- Disproportionate share hospital (DSH)
- Children’s hospital
- Freestanding cancer hospitals
- Rural referral centers
- Sole community hospitals



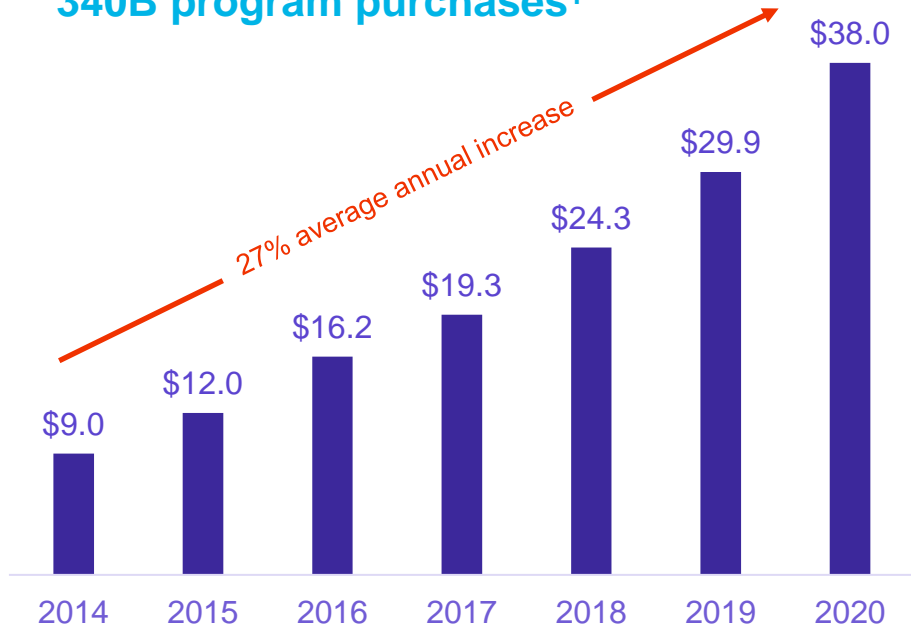
Federal grantees

- Federally qualified health centers (FQHC)
- Urban Indian organizations
- Tuberculosis grantees
- Sexually transmitted diseases grantees
- Ryan White grantees (other)
- Ryan White AIDS drug assistance program
- Native Hawaiian health centers
- Hemophilia treatment centers
- Family planning clinics
- Black lung clinics

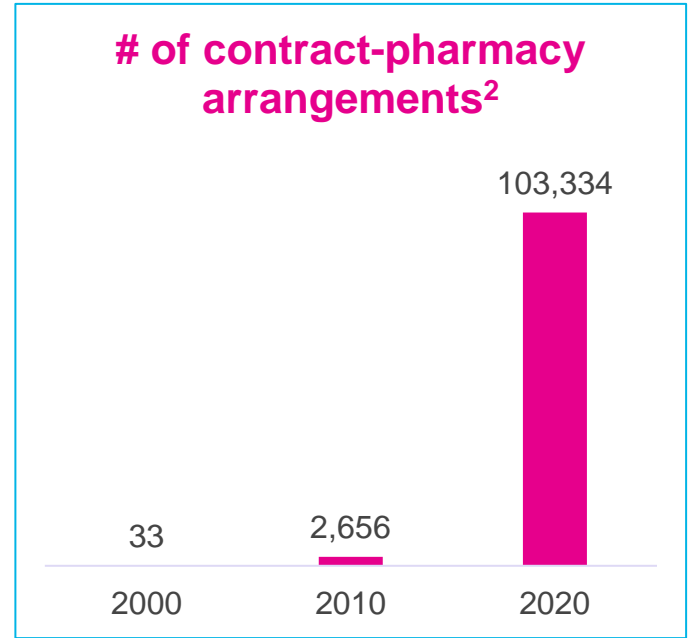
1. 340B Health. 340B Drug Pricing Program Overview. Accessed October 11, 2022. <https://www.340bhealth.org/members/340b-program/overview/>
2. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>
3. HRSA. 340B Glossary. Accessed October 11, 2022. https://340bopais.hrsa.gov/help/Links/340B_Glossary.htm

Rapid growth in 340B contract-pharmacy arrangements

340B program purchases¹



of contract-pharmacy arrangements²



1. Drug Channels. EXCLUSIVE: The 340B Program Soared to \$38 Billion in 2020—Up 27% vs. 2019. June 16, 2021. October 11, 2022. <https://www.drugchannels.net/2021/06/exclusive-340b-program-soared-to-38.html>

2. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>

Understanding hospital/grantee relationships

Using HRSA and CMS databases,^{1,2} Xcenda researched relationships between 340B hospital and non-hospital (grantee) covered entities to determine the number of the following:

1. Hospitals and hospital systems that are registered as grantees

Covered entities registered as both hospitals and grantees or grantees that are currently billing as hospitals

- These are DIRECT relationships

2. Potential grantee/hospital affiliations

Hospitals and grantees that may be operating under the same parent organization

- These are POTENTIAL relationships

The analysis included covered entities (including parent and child sites) that were active and approved in August 2020

1. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>
2. CMS Full Replacement Monthly NPI Files. Updated October 11, 2021. Accessed October 11, 2022. https://download.cms.gov/nppes/NPI_Files.html

Findings: There are existing direct and potential relationships between some hospitals and grantees

- ~359 grantees are hospitals or hospital systems that are registered as a grantee
- ~6% of grantees may be affiliated with a hospital
- ~13% of hospitals may be a grantee or have an affiliation with one

Covered entity	Total number of 340B sites ¹	Direct relationships ^{1,2} (% of total)	Potential relationships ^{1,2} (% of total)	Average # of contract pharmacies ^{a,1}
Hospitals	33,194	n/a	4,218 (13%)	47
Non-hospitals (Grantees)	21,479	359 (2%)	1,297 (6%)	13

^aAverage number of contract pharmacies was calculated among the hospitals and grantees that have direct relationships or potential affiliations.

1. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>

2. CMS Full Replacement Monthly NPI Files. Updated October 11, 2021. Accessed October 11, 2022. https://download.cms.gov/nppes/NPI_Files.html

340B hospital relationships by grantee type

340B non-hospital (grantee) covered entities summary^{1,2}

Grantee type	Total number of 340B sites	Direct relationships (% of total)	Potential relationships (% of total)
Consolidated Health Center Program (CH)	11,631	200 (2%)	412 (4%)
Family Planning – Title X (FP) (includes only Title X funded)	2,319	45 (2%)	272 (12%)
Tribal Contract/Compact with IHS (P.L. 93-638)	166	4 (2%)	1 (1%)
Federally Qualified Health Center Look-Alikes (FQHCLAs)	348	10 (3%)	10 (3%)
Comprehensive Hemophilia Treatment Center (HTC)	147	46 (31%)	26 (18%)
Native Hawaiian Health Care Program	7	1 (14%)	0 (0%)
Ryan White Part A, Part B, Part C, and Part D	1,113	32 (3%)	64 (6%)
Sexually Transmitted Diseases	3,941	19 (0%)	283 (7%)
Tuberculosis	1,762	1 (0%)	229 (13%)
Urban Indian (UI) Health Center	41	1 (2%)	0 (0%)
Black Lung Clinics Program	4	0 (0%)	0 (0%)
Overall	21,479	359 (2%)	1,297 (6%)

^aAverage number of contract pharmacies was calculated among the grantees that have direct relationships or potential affiliations with hospitals.

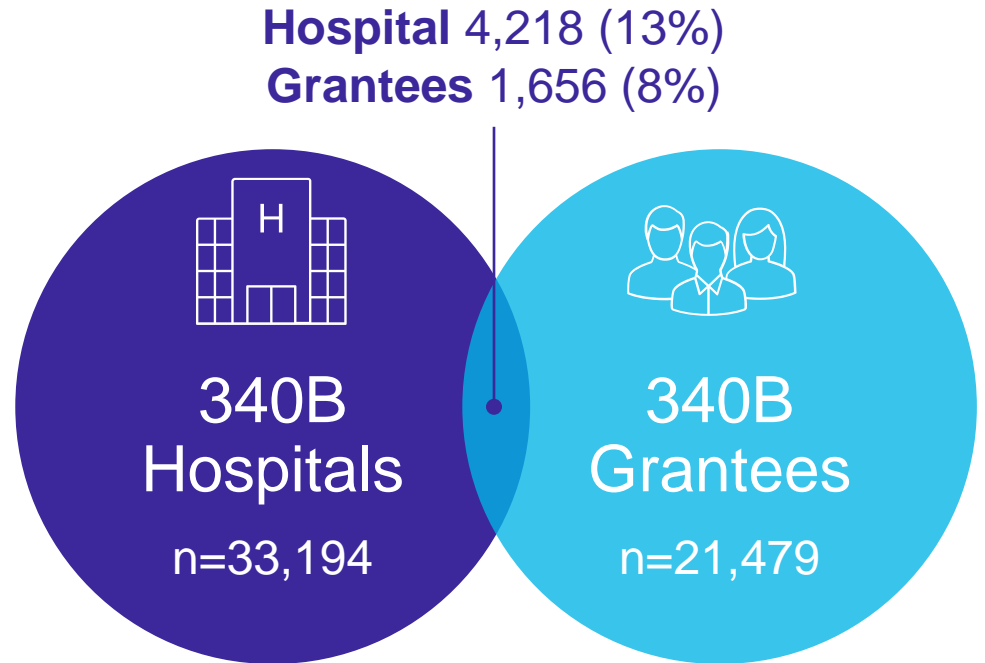
1. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>
2. CMS Full Replacement Monthly NPI Files. Updated October 11, 2021. Accessed October 11, 2022. https://download.cms.gov/nppes/NPI_Files.html

340B Covered Entities: Understanding the Hospital/Grantee Relationship

What is the potential number of hospitals and grantees affiliated with one another?

Methodology

- Using HRSA and CMS databases,^{1,2} Xcenda researched relationships between 340B hospital and non-hospital (grantee) covered entities
- Purpose was to determine the number of potential grantee/hospital affiliations; ie:
 - Hospitals and grantees that may be operating under the same parent organization
 - 359 grantees are hospitals or hospital systems that are registered as a grantee



1. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>
2. CMS Full Replacement Monthly NPI Files. Updated October 11, 2021. Accessed October 11, 2022. https://download.cms.gov/nppes/NPI_Files.html

Direct relationship case study: 340B Consolidated Health Center grantees billing to hospital NPIs

- A total of 67 grantee sites of Sunset Park Health Council^{1,2} are billing to NYU Langone Hospitals³
 - These Consolidated Health Centers at NYU Langone handle over **600,000 doctor's visits per year**³
- NYU Langone Hospitals includes 6 hospitals which also bill to the same NPI as Sunset Park Health Council³

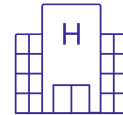
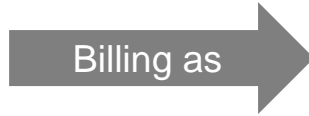


Grantee:

Consolidated Health Center:

Sunset Park Health Council:

74 parent and associated site grants



Hospital:

General Acute Care Hospital:

NYU Langone Hospitals:

Tisch Hospital, Kimmel Pavilion, NYU Langone Orthopedic Hospital, Hassenfeld Children's Hospital at NYU Langone, NYU Langone Hospital—Brooklyn, NYU Langone Hospital—Long Island

1. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>
2. CMS Full Replacement Monthly NPI Files. Updated October 11, 2021. Accessed October 11, 2022. https://download.cms.gov/nppes/NPI_Files.html
3. Family Health Centers at NYU Langone. 2021. Accessed October 11, 2022. <https://nyulangone.org/locations/family-health-centers-at-nyu-Langone>

Direct relationship case study: 340B Federally Qualified Health Center Look-Alike grantee billing to hospital NPI

The Primary Healthcare Services branch of Tarzana Treatment Center is a Federally Qualified Health Center Look-Alike (FQHCLA)¹

The parent organization, Tarzana Treatment Centers, Inc. **operates as a psychiatric hospital and the grantee site is billing to the hospital NPI¹⁻³**

Tarzana Treatment Centers, Inc.

Tarzana Treatment Centers, Inc. is dedicated to providing professional health care that treats each person with compassion and according to their assessed individual needs for improved physical and mental wellbeing. We provide whole-person healthcare through our integrated programs of primary medical and behavioral healthcare including inpatient medical detoxification and psychiatric stabilization, residential and outpatient substance use disorder treatment, outpatient mental health, and residential rehab for teens / youth and adults, primary care clinics, and HIV/AIDS services including specialty medical care.

[Learn more](#)

1. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>
2. CMS Full Replacement Monthly NPI Files. Updated October 11, 2021. Accessed October 11, 2022. https://download.cms.gov/nppes/NPI_Files.html
3. Tarzana Treatment Centers, Inc. Accessed October 11, 2022. <https://www.tarzanatc.org/>

Summary of hospital and grantee relationships

- ~359 grantees were identified as a hospital or billing to a hospital, or ~2% of all grantees
- Another ~6% of all 340B grantees may be affiliated with a hospital or hospital system
 - Consolidated Health Centers (56%) comprise the majority of grantees with direct and potential hospital affiliations, but affiliations exist across a wide range of grantee types
- ~13% of all 340B hospitals may be connected to a grantee or be affiliated with one
 - ~85% of these hospitals are DSHs (73%) or Critical Access Hospitals (12%)



Appendix

Methodology

Direct relationships and potential affiliations between 340B hospital and non-hospital (grantee) covered entities were identified

Datasets:



HRSA 340B
OPAIS Hospitals



HRSA 340B OPAIS
Non-hospitals (grantees)



CMS NPI files

Methodology:

- 1. Identify hospitals or hospital systems that are grantees:** Number of entities registered as hospitals and grantees in the HRSA OPAIS database based on entity names or billing to the same NPI
 - Determined by: A) matching grantee entity names with hospital entity names; B) matching grantee sub-division entity names with hospital sub-division entity names; or C) matching grantee billing NPIs from the OPAIS database with all US hospital and hospital unit NPIs from the CMS NPI files.
- 2. Potential affiliations:** Number of hospitals and grantees that may be operating under the same parent organization
 - Determined by: A) including all hospitals and grantees with the same entity name as the providers identified in Step 1; B) matching grantee billing NPIs from the OPAIS database with non-hospital NPIs with the same parent organization as a hospital from CMS NPI files; and C) adding all grantees in the OPAIS database with “hospital” in their entity names or sub-division entity names that were not previously identified.

The analysis was conducted at the 340B ID level and estimates include hospital parent and child sites. Only active and approved 340B sites are included in the analysis.

^aUS Hospital and Hospital Unit NPIs were identified using the CMS NPI Files and National Uniform Claim Committee (NUCC) Health Care Provider Taxonomy codes

1. HRSA Office of Pharmacy Affairs 340B OPAIS. Accessed October 11, 2022. <https://340bopais.hrsa.gov/CoveredEntitySearch/000015583>
2. CMS Full Replacement Monthly NPI Files. Updated October 11, 2021. Accessed October 11, 2022. https://download.cms.gov/nppes/NPI_Files.html



Thank you

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