

What States can Learn From 340B Transparency

Evidence from Minnesota

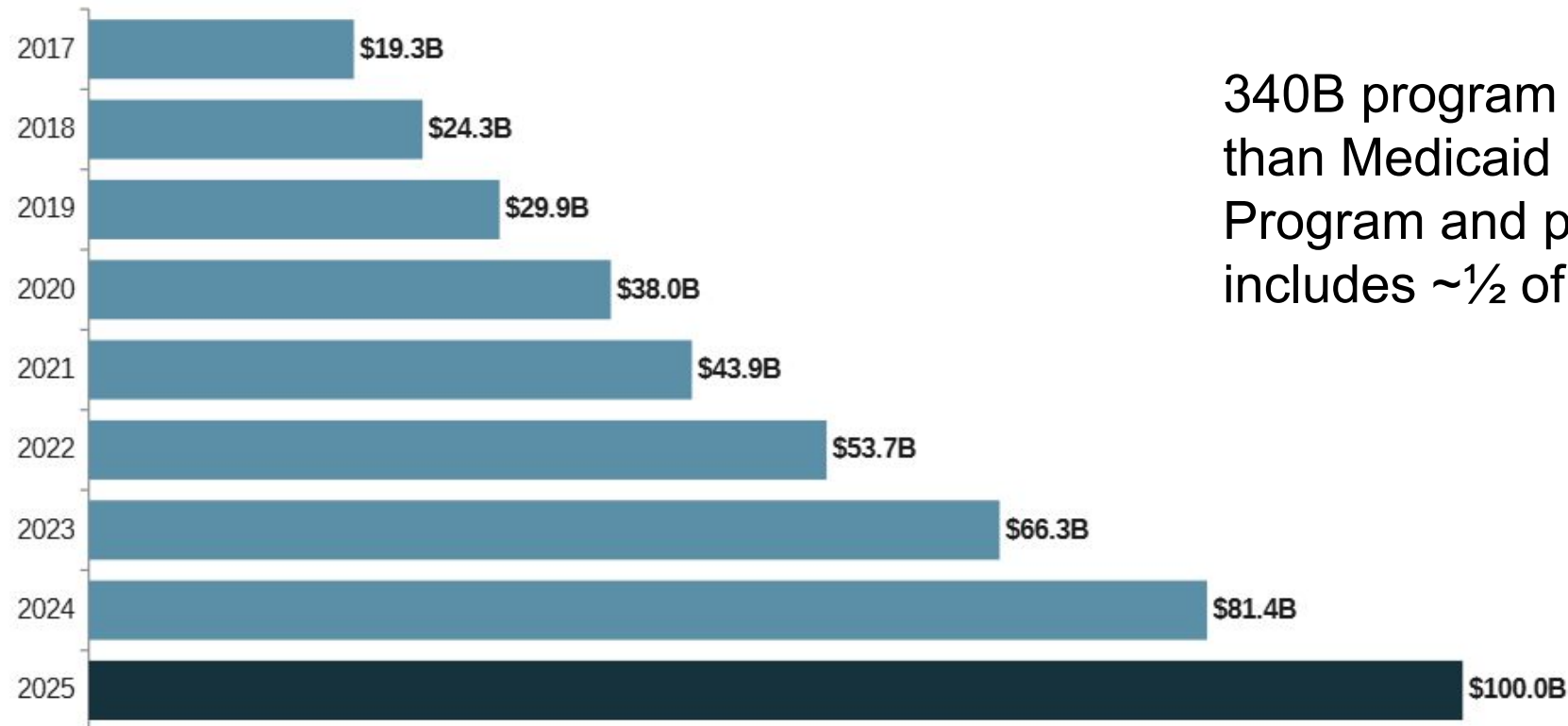
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NCOIL 2026 Summer National Meeting
Boston, MA
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Disclaimer: My views do not represent the University of Minnesota, nor do they represent the Minnesota Prescription Drug Affordability Board

340B is Large and Growing

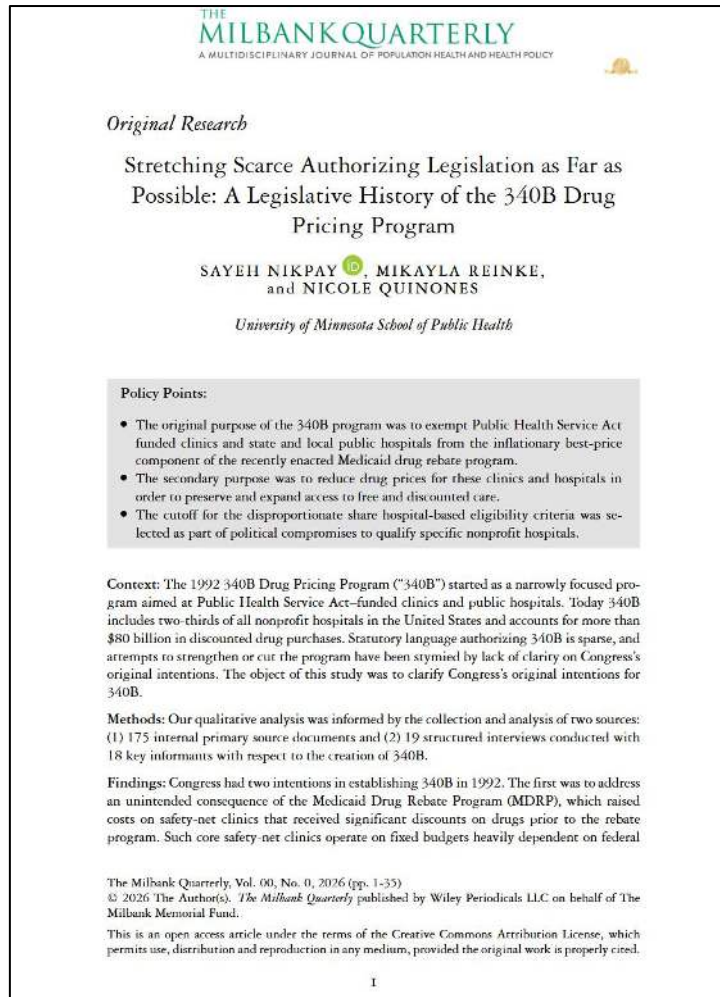
340B Discounted Drug Purchases by Year

Nationwide, \$ billions



340B program is now larger than Medicaid Drug Rebate Program and program includes ~1/2 of US hospitals

340B was Originally Intended to be a Small Program



**Estimate of
Grantees Eligible for Drug Rebates
under
S.1729**

S.1729, the Public Health Clinic Prudent Pharmaceutical Purchasing Act, extends Medicaid discount drug prices to the seven types of grantees under the Public Health Service Act. All of these grantees serve primarily low-income populations. Only those designated grantees which purchase and dispense drugs in a health pharmacy on site, are eligible for the program.

<u>Grantee</u>	<u>Total #</u>	<u>% Purchase and Dispense Drugs</u>	<u>#Eligible for rebate</u>
1. Community and Migrant Health Centers	540	40%	216
2. Family Planning	89	100%	(1)* + 88
3. Black Lung Clinics	17	5%	(1)*
4. Ryan White AIDS	185	100%	(52)* + 133
5. Sexually Transmitted Disease Clinics	59	100%	59**
6. ADAMHA Block Grant (Community Mental Health & Drug Treatment Clinics)	55	100%	55
7. Stewart B. McKinney Homeless Assistance	109	40%	(26)* + 19
Unduplicated Total Eligible for Rebate			≈ 570 690

2000

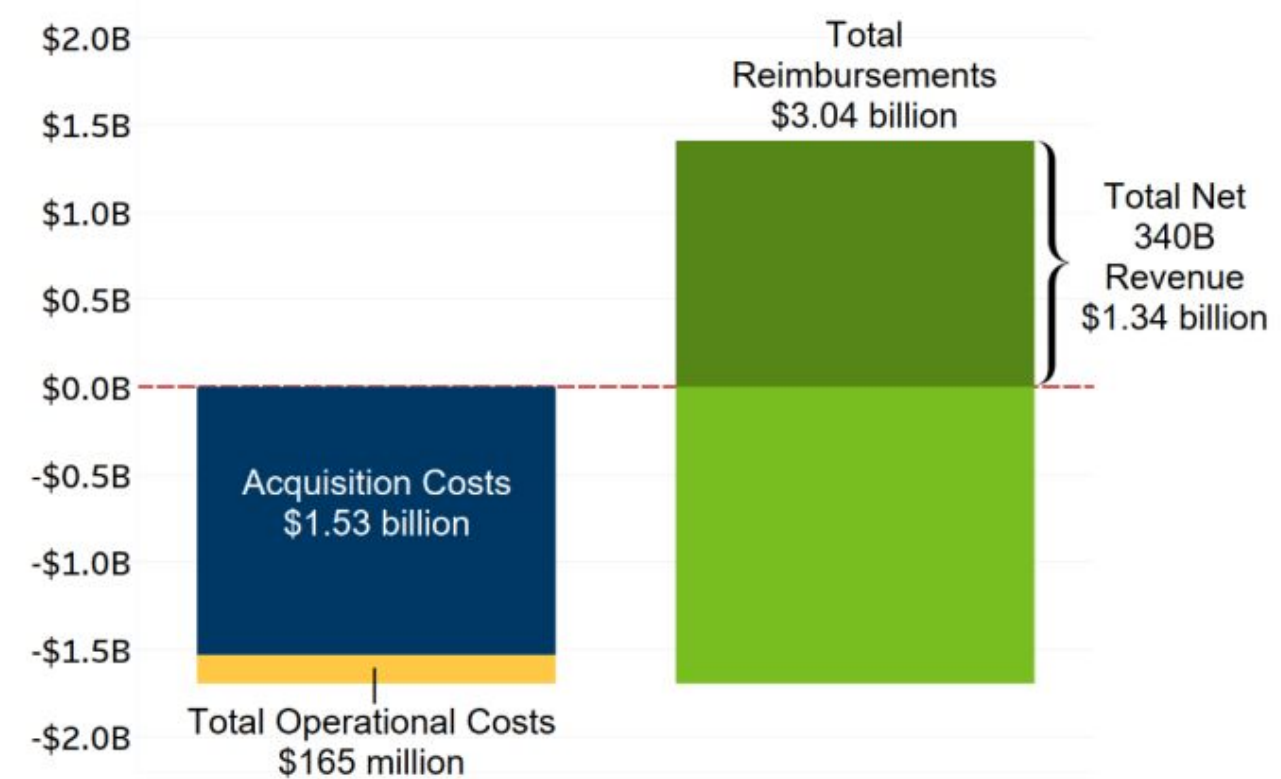
* () indicates that grantee is accounted for in another category
** some unknown overlap with Title X grantees

“Stretching scarce Federal resources” referred to lowering losses from operating free and sliding fee-scale care for Federal Grantees and ~200 public hospitals

As 340B has grown in size it has also grown in scope, interacting with health care system actors

MN Transparency Passed to Learn 340B's Size and Scope

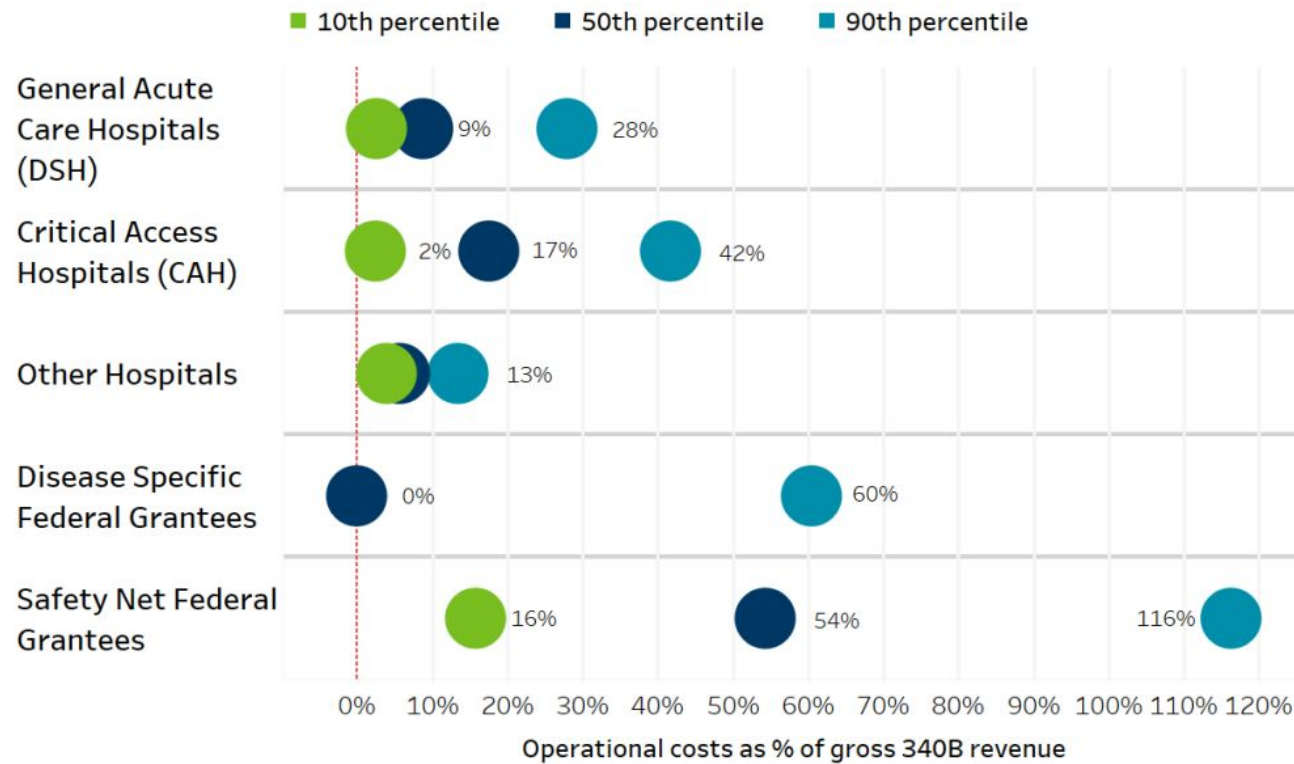
Figure 1: Summary of net 340B revenue and its components in Minnesota, 2024



Source: MDH, Health Economics Program analysis of 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report.

1 in \$10 of 340B Revenue Accrues to Outside Parties

Figure 6: Distribution of total 340B operational costs as share of gross 340B revenue, 2024



Source: MDH, Health Economics Program analysis of 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report.

Net 340B Revenue Highly Concentrated among Hospitals

Table 3: Data summary by Covered Entity groupings, 2024

Covered Entity Grouping	Count	Acquisition Costs (\$)	Total Operational Costs (\$)	Reimbursements (\$)	Estimated Missing Reimbursements (\$)	Net 340B Revenue (\$)	Average Net 340B Revenue per Covered Entity (\$)
General Acute Care Hospital (DSH)	23	1,146,283,931	126,256,917	2,321,198,531	33,722,213	1,082,379,896	47,059,995
Critical Access Hospital (CAH)	70	128,857,966	22,053,951	272,474,863	13,874,864	135,437,811	1,934,826
Other Hospital	9	151,053,325	7,562,181	234,487,194	16,430,106	92,301,794	10,255,755
Disease-Specific Federal Grantee	63	94,968,939	4,947,795	121,924,660	0	22,007,925	349,332
Safety Net Federal Grantee	16	9,392,014	3,931,942	21,467,494	0	8,143,538	508,971
Total	181	1,530,556,175	164,752,786	2,971,552,742	64,027,183	1,340,270,964	7,404,812

Source: MDH, Health Economics Program analysis of 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report.

Commercial Patients the Primary Source of 340B Net Revenue

Table 5: Estimated net 340B revenue by Covered Entity groupings and select payer types, 2024

Covered Entity Grouping	Commercial (\$, millions)	Medicare (\$, millions)	Minnesota Health Care Programs (MHCP) (\$, millions)	Estimated Total (\$, millions)	% of Grand Total
General Acute Care Hospitals (DSH)	470	381	213	1,064	78.9%
Critical Access Hospitals	72	57	13	142	10.5%
Other Hospitals	57	36	17	110	8.2%
Disease-Specific Federal Grantees	6	2	14	22	1.6%
Safety Net Federal Grantees	3	3	4	10	0.7%
Estimated Total	608	479	261	1,348	100.0%
% of Grand Total	45.1%	35.5%	19.4%	100.0%	

Source: MDH, Health Economics Program analysis of 2023 and 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report.

340B Also Jeopardizes Medicaid Drug Rebates

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Source: MDH, Health Economics Program analysis of 2023 and 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report.

Limitations of 340B Reporting

Difficult to standardize units across drug types (retail vs. administered)

Missing payment data for certain low-cost drugs “bundled” with other services

No information on contracts with outside parties

Drug-specific data is incomplete (only top 50 drugs)

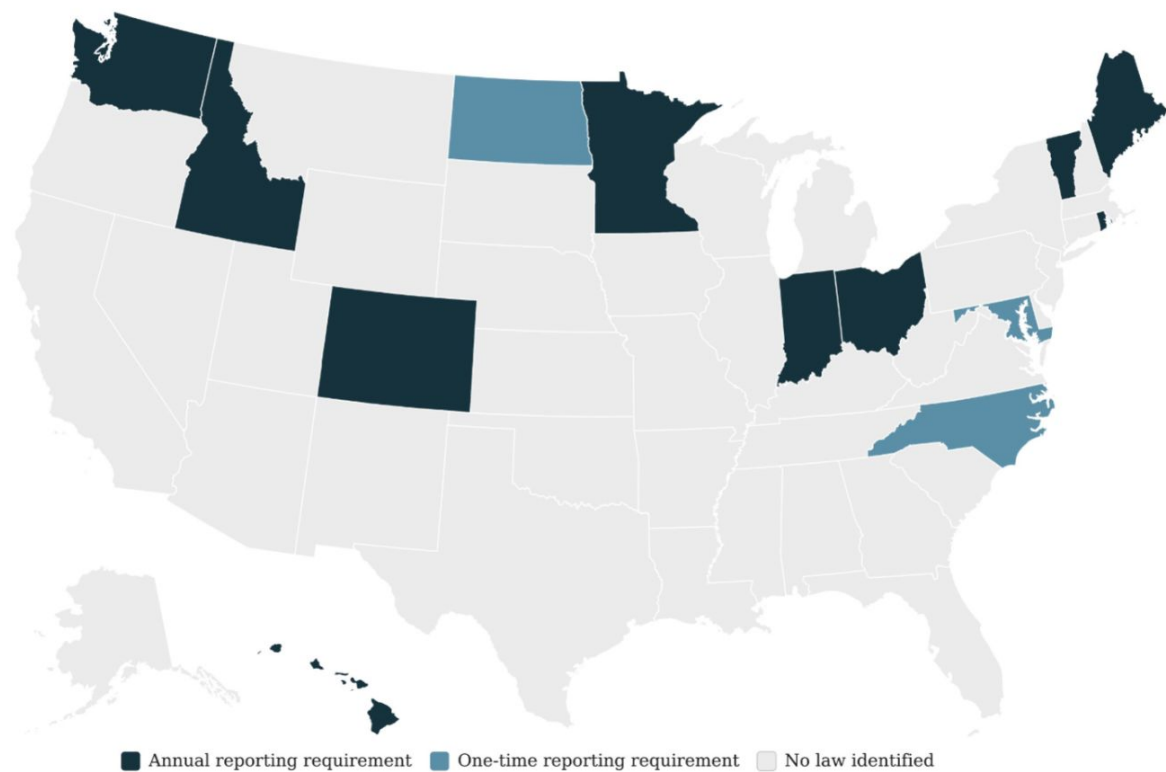
Different reporting capabilities across covered entities

Difficult to compare data to external sources

Other 340B Transparency Efforts

State 340B Reporting Requirements, 2026

States with a 340B covered-entity financial reporting law, by reporting frequency



States plotted from the table as provided; all other states have no 340B financial reporting law identified in this dataset. Map: Albers USA projection.

Source: Reinke and Nikpay (2026) Available on Request

Proposed Federal, 2026

Tax-Exempt Hospital
Transparency Act, SECURE
340B Act, 340B Access Act

Cassidy 340B Discussion
Draft*

CMS Medicare Part D
Reporting

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