Calculation of Employers' Lost Value due to 340B

Since employers cannot see 340B acquisition cost data directly, they can estimate the financial impact using proxy data and comparisons:

Step A – Identify 340B-eligible claims (outpatient prescription drugs)

- Look at claims data and flag prescriptions dispensed by:
    - 340B-eligible hospitals
    - Their contract pharmacies
- This would require working with the PBM and/or data vendor who can match dispensing NPI/NCPDP codes to the HRSA 340B covered entity database.

Step B – Estimate the "spread"

- Research shows 340B discounts average 25%–50% below wholesale acquisition cost (WAC)
- Employers are typically billed at Average Wholesale Price (AWP) – X% (depending on contract), plus rebates
- The adverse impact would be:

(340B Discounted Price + Usual Manufacturer Rebate)— (What Plan Paid Net of Rebates)

Since employers do not get the 340B front-end discount (which is actually called a rebate), the employers can estimate this loss of revenue by assuming what *should* have been the acquisition cost vs. what was actually paid.

Step C – Aggregate Across Claims

- For all identified 340B-eligible claims, apply the estimated discount range (25–50%)
- Multiply by the number of claims/total drug spend at those sites
- This gives a range estimate of "lost value" due to 340B

An example:

- The employer paid $10M for specialty drugs dispensed through 340B eligible hospital-owned pharmacies. The literature suggests average 340B acquisition discounts are ~ 35%. That implies hospitals may have acquired those same drugs for ~ $6.5M. Employer rebate credits were only $1M. Net adverse impact = $2.5M ($10M - $6.5M - $1M)

Please email Karen van Caulil at karen@flhealthvalue.org with your thoughts, inputs, better ideas, etc. Thank you!