Massachusetts General Hospital – Disproportionate Share Hospital Designation (DSH220071)
Response to the Committee on Energy and Commerce

1. **In a chart or similar format, please list each of the following items for 2012, 2013, 2014, 2015, and 2016:**
    a. **The number of drugs purchased for the year**
    b. **The percentage of 340B drugs purchased and dispensed by category**
    c. **The number of 340B drugs dispensed to insured patients**
    d. **The number of 340B drugs dispensed to uninsured patients**
    e. **The amount of savings (in dollars) as compared to GPO price for the same drug**

    Massachusetts General Hospital (55 Fruit Street, Boston, MA 02114) enrolled in the 340B Drug Pricing Program as a Disproportionate Share Hospital (DSH220071) starting on April 1, 2017. Therefore, we do not have data for Question 1 a-e based on the dates (2012-2016) requested and our limited 2017 experience reflects a phased 340B implementation (see question 5).

    f. The amount of charity care (in dollars) that your organization provided
    The MGH provided $43.5 M of unreimbursed charity care in FY '16. This is calculated based on the cost of providing clinical care to patients without coverage inclusive of a state assessment for the MA Health Safety Net program ($58 M total cost) less any payments received to offset (primary reimbursement from the Health Safety Net Program). This calculation does not include the net underfunding for patients with Medicaid and/or other low income insurance products.

    g. The number of patients that received charity care from your organization

    There were 14,945 unique encounters for patients who did not have any primary insurance in FY '16. This count does not include encounters/patients who were classified as emergent bad debt or where free care was secondary to a primary insurer.

2. **How does your organization calculate the amount of savings it generates through participation in the 340b Drug Pricing program? How does your organization track the amount of money your organization received when an insured patient's insurance reimbursement exceeds the 340B price paid for the drug?**

    The methodology for calculating savings is based on the difference between GPO and 340B pricing. Based on applicable NDCs, we are calculating the delta between MGH's GPO price and the 340B price and multiplying this times the actual quantities purchased (per month and YTD) since April 2017.

Given MGH's very recent 340b implementation and that most insurance claims take up to 90 days to adjudicate, we have not yet attempted to quantify the amount of money received when an insured patient's reimbursement exceeds the 340B price paid for the drug. However, any such analysis would be done in our cost accounting system and need to take into consideration other direct costs (e.g., pharmacy staff involved in purchasing, software, and pharmacy's share of space related costs) as well as indirect costs (e.g., administrative costs associated with collection on insurance claims or general contribution to hospital overhead).

3. **How does your organization use program savings to care for vulnerable populations? Are programs savings used for any other purposes?**

    a. **Does your organization provide any additional charity care to uninsured and underinsured patients with funds derived from sources other than the 340b Drug Pricing Program? If so, please elaborate.**

    MGH entered the 340B Drug Pricing Program with the intent of protecting and expanding our ability to offer programs and services to vulnerable populations. As noted in our FY '16 state filing to the Massachusetts Attorney General, MGH provides a substantial amount of charity care and expends $59 million on the direct expenses of our community benefit programs. These programs, overseen by the MGH Center for Community Health Improvement, stem from a highly participatory community health assessment process and rely on evidence based strategies to address social determinant of health (at level of individual patients and at the community level with focus on educational attainment, substance use disorders and promotion of healthy eating/active living).

    From a patient care coverage perspective, participation in the 340B program enables MGH to maintain our historic levels of charity care (~$40-50 million), adapt to the growing burden of Medicaid reimbursement shortfalls (quantified as $150 million delta between cost and payment in FY '16), and uphold a generous financial assistance policy for any other uninsured/underinsured patients (see question 4).

    From a community benefit program perspective, participation in the 340B program has already enabled incremental investment in our substance use disorder programs (a signature program in the hospital's strategic plan focused on new treatment models, public policy and prevention) as well as infrastructure support for the MGH Center for Community Health Improvement (to grow partnerships – a model that leverages resources and reach of our programs).

b. **What percentage of total health care services provided by your organization is charity care?**

Charity care represented approximately 1.5% of gross charges in FY'16. Excludes Medicaid and other low income products.

4. **Does your organization have any policies to help ensure that uninsured and underinsured patients directly benefit from the program by receiving discounts on 340B drugs? If so, please elaborate?**

MGH has a "Patient Discount and Financial Assistance Policy" that applies to patients that do not have health insurance from either a public (e.g., Medicaid, Medicare) or private (e.g., Aetna) plan and patients who have "exhausted" benefits under their insurance coverage. The policy is intended to ensure access to urgent and emergent services for any patient with a demonstrated financial need. MGH employs financial counselors to assist patients in obtaining government coverage if they qualify and to assess potential ranges of discounting relative to income, assets, past medical balances, and residency status. From a policy perspective, participation in the 340B program is not likely to change our need based approach.

5. **How many child-site does your organization have registered to participate in the 340B Drug Pricing Program? Please provide a list of all child-sites, including the location of the child-site and the date it began participating in the program.**

MGH has 56 340B Drug Pricing Program child sites under DSH220071. Eight registered child sites were eligible starting on April 1, 2017. Another 48 child sites were registered to begin on July 1, 2017. One additional child site will be enrolled on October 1, 2017. A list of all child sites is listed in Appendix 1.

6. **How many pharmacies has your organization contracted with to dispense drugs purchased through the 340B Drug Pricing Program on your behalf?**

As of September 2017 we have not contracted with any pharmacies. We submitted an online application with HRSA to contract with Partners Healthcare Specialty Pharmacy effective on or after October 1, 2017. Partners Healthcare is a not-for-profit health care delivery system that Massachusetts General Hospital is a founding member of. The Partners Healthcare Specialty Pharmacy (slated to begin operations toward the end of the quarterly reporting period) will provide specialty pharmaceuticals to MGH patients prescribed by MGH physicians.

a. **Do your contracts with these pharmacies require that program savings be passed on to the intended beneficiaries, including requiring that uninsured or underinsured patents receive discounts on 340B drugs?**

At this time, we do not have any contract pharmacy relationships.

b. **Does your organization share any program savings with these contract pharmacies? If so, please elaborate.**

At this time, we do not have any contract pharmacy relationships.