



RESPONSE TO REQUEST FROM ENERGY & COMMERCE COMMITTEE  
RE: 340B PROGRAM

**Item 1: Follow-up to question regarding origin of \$105m on the original document per below.**

In 2016, Mission Health's total value of charity and unreimbursed care was nearly \$105 million and total 2016 community investments were more than \$183 million.

The \$105m represents the amount shown as unreimbursed Charity Care, Medicare, and Medicaid as contained in Mission's FY16 Audit & Community Benefit Report provided per the NCHA guidelines. This calculation differs slightly from the Form 990 disclosure contained on Exhibit 3.

<b>Mission Health Community Benefit Costs</b>	<b>FY 2016 (Audited)</b>
<b><u>Charity Care and Other Unreimbursed Patient Expenses</u></b>	<b><u>\$104,768,315</u></b>
Community Health Improvement Programs & Services	\$65,103,636
Grants, MOUs, and In-Kind Contributions to Community Groups	\$6,330,930
Medical Education & Research	\$4,924,250
Community Activities	\$2,298,838
<b>Total</b>	<b>\$183,425,969</b>

**Item 2: Exhibit 3 now includes additional disclosure as to formulas.**



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**MISSION HEALTH EMPLOYEES WHO WORK WITH 340B ISSUES**

**Full time 340B staff**

- (1) Pharmacist
- (1) Information Technology Specialist

**340B is a part of their role at Mission Health**

- CEO (1)
- COO (1)
- SVP Patient Care, President Regional Member Hospitals (1)
- 340b Authorizing Officials: Hospital Presidents (2), Regional Finance Director (2), CFO (1)
- VP, Pharmacy Services (1)
- SVP & General Counsel (1)
- Associate General Counsel – assigned to all 340b issues (1)
- Chief Compliance Officer (1)
- Sr. VP, Government & Community Relations Office (2)
- SVP, Community Benefit / Facilities (1)
- VP, Finance (1)
- Pharmacy Managers (6)
- Director, Supply Chain (1)
- Director, Retail Pharmacy (1)
- Community Pharmacists (7)
- Director, Cancer Center Pharmacy (1)
- Buyers (14)
- Materials Management Staff (3)
- Internal Auditors & Managers (5)
- Medication Assistance Program Staff - Mission (7)
- Medication Assistance Program Staff – Angel (1)
- Finance Staff (5)
- IT Staff (2)

**340B Vendor**

- 235+ FTE's



RESPONSE TO REQUEST FROM ENERGY & COMMERCE COMMITTEE  
RE: 340B PROGRAM - CHARITY CARE PORTION

**Community Benefit and 340B Value**

Mission Health Community Benefit and 340B Savings							
	Mission Health Community Benefit Activities	Estimated FY 2017	From Form 990				
			*FY 2016	*FY 2015	*FY 2014	*FY 2013	*FY 2012
A	Charity Care (at Cost)	\$ 42,498,415	\$ 29,750,529	\$ 27,963,715	\$ 40,139,588	\$ 26,813,895	\$ 21,895,452
	Unreimbursed Medicaid		\$ 5,741,221	\$ (6,170,764)	\$ (10,480,943)	\$ (19,128,851)	\$ (7,868,431)
	Unreimbursed costs (other means tested government programs)		\$ 5,517	\$ 7,570	\$ 7,187	\$ -	\$ -
	Charity Care Patients		25,352	21,710	17,462	10,131	7,882
	# Charity Care Claims		68,764	52,790	42,105	22,571	17,286
	Community Health Improvement Programs & Services	\$ 17,064,874	\$ 13,564,349	\$ 12,046,512	\$ 10,936,554	\$ 8,853,316	
	Health Professions Education	\$ 2,820,332	\$ 2,511,966	\$ 2,764,242	\$ 3,119,558	\$ 2,708,503	
	Subsidized Health Services	\$ 48,384,369	\$ 49,801,556	\$ 46,789,957	\$ 44,099,252	\$ 28,000,280	
	Research	\$ 1,991,197	\$ 1,499,907	\$ 1,449,597	\$ 1,783,655	\$ 1,652,313	
	Cash and In-kind Contributions	\$ 7,418,685	\$ 5,884,532	\$ 4,344,779	\$ 3,757,505	\$ 4,048,301	
B	TOTAL Mission Health Community Benefit Activities per 990	\$ 113,176,724	\$ 95,062,831	\$ 97,060,919	\$ 71,381,568	\$ 59,289,734	
	Unreimbursed Medicare per Audit	\$ 64,323,000	\$ 55,832,000	\$ 44,504,000	\$ 60,033,000	\$ 39,339,000	
	Other Estimated Community Benefits per Audit*	\$ 5,926,276	\$ (2,013,831)	\$ 10,833,081	\$ 12,139,432	\$ 14,272,266	
C	TOTAL Mission Health Community Benefit Activities per AFS*	\$ 183,426,000	\$ 148,881,000	\$ 152,398,000	\$ 143,554,000	\$ 112,901,000	
D	Cost of Treating Bad Debt Patients	\$ 37,730,278	\$ 39,679,272	\$ 36,983,206	\$ 33,143,490	\$ 36,159,388	\$ 31,487,323
E	Total Uncompensated Care (Charity + Bad Debt, A+D)	\$ 80,228,693	\$ 69,429,801	\$ 64,946,921	\$ 73,283,078	\$ 62,973,283	\$ 53,382,775
Avg A	Average Charity Care FY13-FY17	\$ 33,433,228					
Avg E	Average Uncompensated Care FY13-FY17	\$ 70,172,355					

  

Mission Health 340B Value	Estimated FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Angel Medical Center	\$ 1,508,789	\$ 616,670	\$ 577,926	\$ 677,790	\$ 172,435	\$ -
Blue Ridge	\$ 230,234	\$ 272,710	\$ 388,420	\$ 981,228	\$ 513,651	\$ -
Highland-Cashiers	\$ 227,505	\$ 120,897	\$ 270,535	\$ 147,015	\$ -	\$ -
McDowell	\$ 2,169,798	\$ 1,613,072	\$ 736,712	\$ 837,572	\$ 814,498	\$ 96,892
Mission	\$ 26,490,110	\$ 28,099,335	\$ 24,246,755	\$ 20,860,377	\$ 13,483,493	\$ 2,735,834
Transylvania Regional	\$ 684,568	\$ 523,756	\$ 467,016	\$ 240,278	\$ 385,907	\$ 286,657
TOTAL Hospital Savings	\$ 31,311,004	\$ 31,246,440	\$ 26,416,829	\$ 23,597,245	\$ 15,369,984	\$ 3,119,383
WAC Penalty (WAC Purchases at DSH Hospitals vs. GPO Pricing)	\$ (594,799)	\$ (628,674)	\$ (614,476)	\$ (441,872)	\$ (173,735)	
Contract Pharmacy Value	\$ 7,614,686	\$ 6,822,307	\$ 9,548,399	\$ 8,265,335	\$ 2,818,104	\$ -
TOTAL 340B Value to Mission Health	\$ 38,330,891	\$ 37,440,073	\$ 35,350,752	\$ 31,420,708	\$ 18,014,353	\$ 3,119,383
Average 340B Value FY13-FY17	\$ 32,111,355					

  

B/F	Total Community Benefit % per 990	8.0%	7.3%	7.9%	6.4%	6.6%
C/F	Total Community Benefit % per AFS	13.0%	11.5%	12.5%	12.8%	12.6%
A/F	Total Charity Care %	2.1%	2.2%	3.3%	2.4%	2.4%
E/F	Total Uncompensated (Bad Debt + Charity) Care %	4.9%	5.0%	6.0%	5.6%	5.9%
F	Total Expenses from Form 990	\$ 1,407,313,239	\$ 1,294,614,696	\$ 1,223,102,948	\$ 1,118,845,790	\$ 898,795,318

\*The footnote related to community benefits for the audited financial statements is prepared after Mission's year end of September 30. The initial cost reports for Medicare and Medicaid are prepared in the spring following the audit and filed at that time. Because of this timing difference, as well as others, there are changes in estimates related to community benefits. These changes in estimates flow through the current year presentation of the financials. From FY 14 through the present, Mission has not restated the estimated community benefits related to the comparative year presented in the Service to the Community footnote for the Audited Financials. The methodology for disclosing community benefits for the Audited Financial Statements is based on the ANDI reported which is used by the NCHA.

Data source for 340b value is GPO less WAC savings report from wholesaler, coupled with 340b vendor reports on value of contract pharmacy operations.

2012 data was first year of 340b vendor utilization, and reflects partial year data. Correspondingly, computed averages over the period reflect FY13-FY17.



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RE: 340B PROGRAM - CHARITY CARE PORTION

**Exhibit #1B: 340B Purchases**

*Drug Category %*

Mission Hospital	Drug Category	FY2016	FY2017
	Analgesics	0.44%	0.29%
	Antidepressants	0.24%	0.03%
	Antidiabetic Agents	0.67%	0.29%
	Antihyperlipidemic Agents	0.14%	0.02%
	Oncology Treatment Drugs	50.30%	53.82%
	Other	48.20%	45.55%
	<b>Grand Total</b>	<b>100%</b>	<b>100%</b>
The McDowell Hospital	Drug Category	FY2016	FY2017
	Analgesics	1.84%	1.04%
	Antidepressants	0.65%	0.41%
	Antidiabetic Agents	4.81%	5.97%
	Antihyperlipidemic Agents	0.75%	0.51%
	Oncology Treatment Drugs	28.39%	36.28%
	Other	63.55%	55.79%
	<b>Grand Total</b>	<b>100%</b>	<b>100%</b>
Blue Ridge Regional Hospital	Drug Category	FY2016	FY2017
	Analgesics	0.43%	0.63%
	Antidepressants	1.08%	0.51%
	Antidiabetic Agents	5.39%	7.36%
	Antihyperlipidemic Agents	0.50%	0.31%
	Oncology Treatment Drugs	6.28%	11.07%
	Other	86.31%	80.11%
	<b>Grand Total</b>	<b>100%</b>	<b>100%</b>
Transylvania Regional Hospital	Drug Category	FY2016	FY2017
	Analgesics	3.85%	3.65%
	Antidepressants	0.90%	0.36%
	Antidiabetic Agents	4.93%	7.76%
	Antihyperlipidemic Agents	0.76%	0.75%
	Oncology Treatment Drugs	10.37%	8.30%
	Other	79.20%	79.19%
	<b>Grand Total</b>	<b>100%</b>	<b>100%</b>
Angel Medical Center	Drug Category	FY2016	FY2017
	Analgesics	1.24%	0.44%
	Antidepressants	0.41%	0.23%
	Antidiabetic Agents	4.53%	3.41%
	Antihyperlipidemic Agents	0.68%	0.19%
	Oncology Treatment Drugs	13.45%	7.87%
	Other	79.70%	87.86%
	<b>Grand Total</b>	<b>100%</b>	<b>100%</b>
Highlands-Cashiers Hospital	Drug Category	FY2016	FY2017
	Analgesics	0.27%	0.16%
	Antidepressants	0.38%	0.12%
	Antidiabetic Agents	0.80%	0.84%
	Antihyperlipidemic Agents	0.04%	0.03%
	Oncology Treatment Drugs	0.36%	0.01%
	Other	98.16%	98.84%
	<b>Grand Total</b>	<b>100%</b>	<b>100%</b>

Data Source: Amerisource. Information only available for the prior 28 months