

340B CONGRESSIONAL REPORT– UW Medicine

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 340B drugs your organization, and all associated sites and off-site outpatient facilities registered as child sites, purchased for that year. Please provide a breakdown of the number of these drugs that were purchased by the covered entity’s child sites and the number directly purchased by the covered entity;**

During the time period in question, from 2012-2016, our hospitals’ used vendor specific purchasing portals to acquire drugs for our facilities. Due to our manual tracking systems in place prior to 2016, we do not have the detailed metrics necessary to determine the number of 340B drugs purchased within the window requested by the Committee. As a result, we have requested our purchase reports from our primary wholesaler, secondary wholesaler, and direct accounts for the five-year time period of data being requested. We are in the process of receiving this data from our vendors and we will need additional time to compile the data in the format you have requested and to validate it. This information for the five-year period requested is not readily available in our systems and will require obtaining information that is currently archived with our vendors. These reports will include the purchases from our covered entity locations, in-house pharmacies, and contract pharmacies.

Also, our child sites do not individually purchase their own drugs. All the drugs are purchased centrally by the parent hospitals and then disbursed out to the child sites. As a result, all the purchasing data will be rolled up into a centralized report.

- b. The percentage of 340B drugs purchased and dispensed that fall into each of the following categories:**
- i. Analgesics**
 - ii. Antidepressants**
 - iii. Oncology Treatment Drugs**
 - iv. Antidiabetic agents**
 - v. Antihyperlipidemic agents**

This information will be provided once we have received all of the purchasing reports supplied by the wholesalers and drug manufacturers and we have compiled and validated the data. Since this information is not automatically categorized by the wholesaler, it will require a manual review to ensure that the drugs and National Drug Codes (NDCs) are appropriately categorized in the clinical categories as requested. We anticipate that we will be able to provide the percentage of 340B drugs purchased for each of the aforementioned categories by mid to late October.

- c. The number of 340B drugs your organization purchased that were dispensed to insured patients, including:**
- i. Medicare beneficiaries**
 - ii. Medicaid beneficiaries**
 - iii. Commercially-insured individuals**

To provide this information, we need to obtain dispenses and the payer categories from multiple sources, including contract pharmacies administered by two different third-party administrators, our retail in-house pharmacies, and our hospitals' dispenses. Drugs are purchased at 340B prices after we have dispensed the drugs to patients that meet eligibility criteria. Our internal 340B eligibility documentation does not reference payer information. Therefore, we are required to go through the billing data for the all patients seen from 2012 to 2016 to determine if the service was provided in an outpatient setting/status and is 340B eligible. Payer information is not tracked in our manual accumulation process and is additional information for us to obtain outside of our normal 340B process. Also, the information for the five-year period requested is not readily available and may require obtaining information currently archived. With the numerous data sources and validation process, we anticipate that information regarding the number of 340B drugs purchased that were dispensed to Medicare beneficiaries, Medicaid beneficiaries, and Commercially-insured individuals will be provided by October 27, 2017.

d. The number of 340B drugs your organization purchased that were dispensed to uninsured patients.

To provide this information, we need to obtain dispenses and utilization information from multiple sources, including contract pharmacies administered by two different third-party administrators, our retail in-house pharmacies, and our hospitals' dispenses. We will need to identify the patients who are uninsured and determine the drugs that the patient received during their hospital stay or retail prescriptions. We anticipate that information regarding the number of 340B drugs purchased that were dispensed to uninsured patients will be provided by October 27, 2017.

e. The amount of savings (in dollars), as compared to the GPO price for the same drug, that your organization generated through participation in the 340B Drug Pricing Program; and

To estimate the GPO savings in dollars, we must obtain the purchasing data from our primary wholesaler, secondary wholesaler, and our direct accounts and compile and validate it as described above. We are in the process of receiving the data from our vendors regarding the purchasing data and the class of trade. We will then be able to provide an estimated GPO savings calculation for the five-year period. As we did not have splitting software during the requested duration needed to facilitate such a data pull, gathering this information will require a manual calculation for each year. We anticipate that we will be able to provide the estimated savings in dollars for each year by mid to late October of 2017 as per our response in Question 1(a).

A preliminary estimate of hospital outpatient drug cost savings, not including contract and retail pharmacy, is as follows:

Fiscal Year	2012	2013	2014	2015	2016
Cost Savings (in thousands)	10,900	12,492	14,623	20,535	23,517

Hospital cost savings were estimated as a theoretical twenty-five percent reduction in hospital outpatient drug costs.

f. The amount of charity care (in dollars) that your organization provided;

Fiscal Year	2012	2013	2014	2015	2016
Charity Care Charges (in thousands)	256,216	268,025	204,640	78,010	86,809

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

Fiscal Year	2012	2013	2014	2015	2016
Charity Care Patients	31,147	30,806	24,547	14,153	14,864

2) How does your organization calculate the amount of savings it generates through participation in the 340B Drug Pricing program?

From 2012-2016, we did not have a formula for our 340B savings calculation, as the splitting process was conducting manually and it was extremely difficult to calculate the amount of our hospitals' savings. We started the contract pharmacy program in 2014, and have described the methodology used for these calculations below. For the hospitals' savings, we have also described the anticipated methodology as we have recently implemented splitting software.

Our savings from the 340B program is estimated in a combination of the following elements:

1. For our hospitals' dispenses and in-house retail pharmacies, the 340B savings is calculated by obtaining the benchmark GPO price minus the 340B price of the drugs purchased. This is offset by the WAC minus the benchmark GPO price for the drugs that are purchased for the same time period, and reimbursement shortfall associated with providing Medicaid patients with drugs at 340B cost.
2. For our contract pharmacies, the 340B savings is calculated by the third-party adjudicated amount, minus the dispensing fee, third-party administration fee, 340B drug replenishment cost, and staffing costs allocated to supervise the 340B program compliance.

How does your organization track the amount of money your organization receives when an insured patients' insurance reimbursement exceeds the 340B price paid for the drug?

We do not track this information because we do not separate pharmacy reimbursement by pay or type. We total the reimbursement and look at it in the aggregate.

3) How does your organization use program savings to care for vulnerable populations? Are program 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.**

Provision of healthcare to our region's low income population is central to the mission of UW Medicine. Charity care is one component of uncompensated care costs (UCC) of services to uninsured and underinsured patients. In addition, UW Medicine incurs UCC through services provided to patients covered through government sponsored programs (e.g., Medicare, Medicaid). The Affordable Care Act (ACA) increased coverage through Medicaid expansion and significantly reduced the need for traditional charity care. Services to beneficiaries covered through Medicaid expansion, reductions to Medicare payments, and reductions to supplemental Medicaid payment programs have resulted in an increase in total UCC.

UCC has been calculated as cost in excess of payments for the following categories:

Fiscal Year	2012	2013	2014	2015	2016
Medicare Uncompensated Cost	65,834	82,996	89,111	96,598	123,065
Medicaid Uncompensated Cost	53,317	53,342	87,713	89,847	116,172
Uninsured Uncompensated Cost	100,078	92,347	60,641	25,735	30,940
Total Uncompensated Costs (in thousands)	219,229	228,685	237,465	212,181	270,177

Payments in excess of cost, for commercially insured individuals, have historically provided a source of funding for services to the uninsured and underinsured patient population.

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

Fiscal Year	2012	2013	2014	2015	2016
Charity Care Services	8%	8%	5%	2%	2%
Uncompensated Services	14%	14%	14%	11%	13%

Charity care percentages have been defined as hospital charity care charges divided by total hospital charges. Uncompensated care percentages have been defined as hospital UCC divided by total hospital operating expenses.

- 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.**

UW Medicine's charity care policy provides for 100% financial assistance to persons whose income is equal to or below 300% of the federal poverty level.

- 5) How many child-sites 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.**

[See Attached Spreadsheet](#)

6) How many pharmacies has your organization contracted with to dispense drugs purchased through the 340B drug pricing program on your behalf?

[See Attached Spreadsheet](#)

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

For our contract pharmacies eligibility is determined through the use of a third-party administrator after the drug is dispensed. If a patient is not 340B eligible, the contract does not permit for us to provide them with a 340B discount and recoup the savings as a covered entity. Also, the federal 340B regulations state that Fee-For-Service Medicaid patients must be carved out of the 340B contract pharmacy program to comply with the duplicate discount prohibition.

However, hospitals across the country use the 340B savings to treat all patients in all care settings including, inpatient, outpatient, retail pharmacy, home infusion therapy, and ancillary services regardless of the patient's ability to pay.

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

We currently pay our contract pharmacies a flat dispensing fee, which is a fair market value of the services that they provide to our patients, including counseling of the patient, the procurement and filling of the medication, prior authorization (if necessary), compliant packaging, and delivery mechanics at the patient's request. We do not provide the contract pharmacies with a portion of the 340B savings for the program.