

Michigan

HOSPITAL SPENDING WATCH

A COMMUNITY ACTION FOR RESPONSIBLE HOSPITALS INITIATIVE

A comparison of 340B disproportionate share hospital and non-340B hospital spending

340B hospitals mark up prescription drug prices and pocket the revenue. To see if patients benefit, Community Action for Responsible Hospitals analyzed public data on **Michigan hospitals' revenue growth, financial investments, charity care, and workforce pay.**

Our findings expose a system rigged against Michigan families.

MONEY IN FROM PATIENTS



Hospitals use 340B as a profit engine.

- Michigan's 340B hospitals reported **49%** (*Table 1a*) higher patient revenue than non-340B hospitals.
- These hospitals netted an average of **\$647 million** in revenue – nearly triple the **\$229 million** reported by non-340B hospitals.

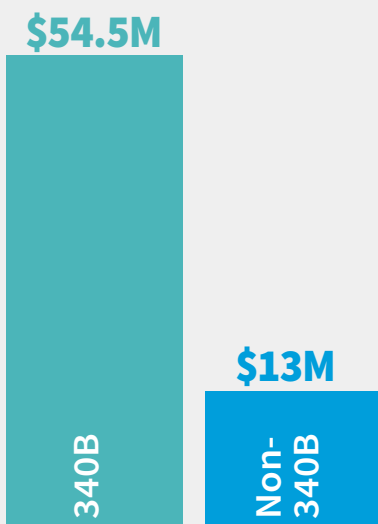
MONEY OUT TO WALL STREET

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340B dollars are funneled into Wall Street portfolios.

- Michigan's 340B hospitals invested **113%** (*Table 1b*) more revenue into stocks and bonds on average, than non-340B hospitals.
- On average, these hospitals invested **\$54.5 million**, compared to just **\$13 million** by non-340B hospitals. (*Figure 1*).

Figure 1: Average investments by 340B DSH v. non-340B hospitals in MI



HOW DO THEY PROFIT?

MARKUPS

Henry Ford Jackson hospital charged patients nearly

\$10,000

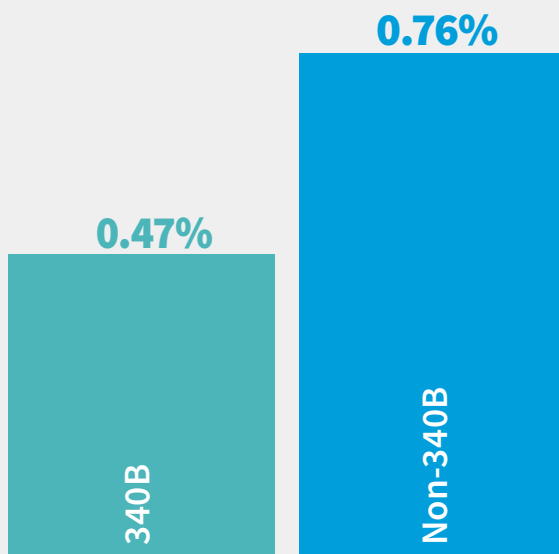
for arthritis medication, more than

4X

the average sales price.

BARELY THERE CHARITY CARE

Figure 2: Average charity care provided by 340B DSH v. non-340B hospitals in MI



340B dollars are not used to help low-income and uninsured patients access medicine.

- Despite higher revenues, Michigan's 340B hospitals delivered **34%** (*Table 2a*) less charity care, on average, than non-340B hospitals.
- On average, 340B hospitals dedicated only 0.47% of net patient revenue to charity care compared to 0.76% at non-340B hospitals (*Figure 2*).

REWARDING EXECUTIVES, IGNORING WORKERS

340B dollars are not reinvested in frontline caregivers or the hospital workforce.

- Michigan's 340B hospitals' pay rates for employed, contracted, or total employees were no more than non-340B hospitals (*Table 3*).

DID YOU KNOW?

McLaren Health's CEO took home more than

\$10 million

in a single year – that's over

100X

what the average nurse earns.

Michigan's 340B disproportionate share hospitals take in far more revenue than their peers, but deliver less charity care and no gains for workers. Instead of supporting patients, 340B dollars are steered into Wall Street investments – not community benefit.

Sources

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- Michigan Health Purchasers Coalition, Price Transparency in Hospital Services and Drugs, carh.info/mihpc
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