

**To:** Community Action for Responsible Hospitals  
**From:** Dr. Lisa M. Grabert  
**Re:** Hospital Spending Watch—Minnesota  
**Date:** March 16, 2026

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**Background:** Section 601 of Public Law 102-585 established an outpatient prescription drug program allowing covered entities, including entities meeting the definition of disproportionate share hospitals (DSH), to purchase drugs at a discounted rate.<sup>1</sup> Commonly referred to as “340B,” the program’s drug purchase results in approximately \$81 billion in total revenue (2024) for hospitals.<sup>2</sup> It is important for policymakers and patients to understand how this revenue is being used within the US healthcare system.

**Topline Takeaway:** In the state of Minnesota, 340B hospitals—who qualify via DSH status—provided charity care that was no different, on average, compared to non-340B hospitals. In addition, MN 340B hospitals employed 30% less direct full-time employees compared to non-340B hospitals. Finally, 340B hospitals in MN paid contract workers 10% less per hour compared to non-340B hospitals.

**Conclusion:** The findings indicate MN’s 340B hospitals may be deprioritizing investment in the workforce, including nursing staff.

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<sup>1</sup> Section 601: Treatment of prescription drugs procured by department of Veterans Affairs or purchased by certain clinics and hospitals. (1992). *P.L. 102-585*. Retrieved from: <https://www.congress.gov/102/statute/STATUTE-106/STATUTE-106-Pg4943.pdf>

<sup>2</sup> 2024 340B Covered Entity Purchases. *Health Resources and Services Administration*. Retrieved from: <https://www.hrsa.gov/opa/updates/2024-340b-covered-entity-purchases>

## Hospital Spending Watch

### State: Minnesota

#### Data Sources:

- 340B Data from the Health Resources & Services Administration (HRSA) [Office of Pharmacy Affairs Information System](#); data extracted on July 1, 2025
  - Limited to all Disproportionate Share Hospital (DSH) covered entities determined by HRSA.
- 2023 Hospital Data from the [National Academy for State Health Policy \(NASHP\)](#)
  - Excludes all hospitals categorized as “Critical Access Hospitals”

#### Methods:

- Median, standard deviation, and means calculated from raw NASHP data for all outcomes
- Coefficients calculated using the log of NASHP outcome data in an Ordinary Least Squares (OLS) regression
  - Independent variable is binary for 340B urban status using HRSA covered entity list for DSH-qualifying hospitals
  - Controls for:
    - Bed size:
      - Small (1-49)
      - Medium (50-199)
      - Large (200+)
    - Independent (non-system) status binary variable
    - Geographic status using the Rural Urban Commuting Area (RUCA) categories (10) crafted by the US Department of Agriculture

Table 1: Side-by-Side of Index Measures Comparing 340B hospitals to non-340B hospitals, by state (2023)

<b>Outcome<sup>1</sup></b>	<b>MN</b>
<b>Flow of Money</b>	
Net Revenue	ND
Investment Income	ND
<b>Financial Assistance</b>	
Charity Care	ND
<b>Investment in Workforce</b>	
Employed Hourly Rate	ND
Contract Hourly Rate	-14%
Total Hourly Rate	ND
Number of Full Time Direct Employees	-30%
Number of Full Time Contracted Employees	ND

<sup>1</sup>Outcomes defined below

<sup>2</sup>ND = No Difference

## FLOW OF MONEY

Table 1a: Impact of 340B hospital status (2023) on revenue

Outcome	340B		Non-340B		All		
	Mean (95% CI)	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] <sup>2,3</sup>
Revenue <sup>1</sup>	\$513,000,000 [2.66e+08, 7.60e+08]	\$258,000,000	\$482,000,000 [1.35e+07, 9.50e+08]	\$226,000,000	\$500,000,000 [2.67e+08, 7.32e+08]	\$240,000,000	-0.247 [-0.607, 0.113]
<i>N</i>	21	21	16	16	37	37	37

<sup>1</sup>Gross patient charges, minus contractual discounts, bad debt and charity care allowances, and other deductions agreed to by the hospital. Numbers reported from hospital's accounting records.

<sup>2</sup>Ordinary Least Squares (OLS) regression. Independent variable is 2023 340B status (binary). Controls for bed size (small 1-49; medium 50-199; and large 200+), independent hospital (non-system), and rural urban commuting area status (1-10).

<sup>3</sup>\*\*\*denotes statistical significance at 0.001, \*\* at 0.05, and \* at 0.1.

Table 1b: Impact of 340B hospital status (2023) on Investments

Outcome	340B		Non-340B		All		
	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] <sup>2,3</sup>
Investment Income <sup>1</sup>	\$52,200,000 [2.18e+07, 8.26e+07]	\$31,400,000	\$14,200,000 [6.93e+06, 2.16e+07]	\$9,911,199	\$36,400,000 [1.79e+07, 5.48e+07]	\$14,800,000	0.507 [-0.307, 1.32]
<i>N</i>	21	21	15	15	36	36	36

<sup>1</sup>Income and Expenses not related to hospital operations, such as investment income, donations and contributions, cafeteria operations, etc.

<sup>2</sup>Ordinary Least Squares (OLS) regression. Independent variable is 2023 340B status (binary). Controls for bed size (small 1-49; medium 50-199; and large 200+), independent hospital (non-system), and rural urban commuting area status (1-10).

<sup>3</sup>\*\*\*denotes statistical significance at 0.001, \*\* at 0.05, and \* at 0.1.

## FINANCIAL ASSISTANCE

Table 2a: Impact of 340B hospital status (2023) on Charity Care

Outcome	340B		Non-340B		All		
	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] <sup>2,3</sup>
Charity Care <sup>1</sup>	0.810% [0.500, 1.12]	1%	1.06% [0.433, 1.69]	1%	0.919% [0.611, 1.23]	1%	-0.044 [-0.804, 0.715]
N	21	21	16	16	37	37	37

<sup>1</sup>Net Charity Care Cost divided by Net Patient Revenue, representing the percentage of net patient revenue received that hospital applied to covering the costs of charity care patients.

<sup>2</sup>Ordinary Least Squares (OLS) regression. Independent variable is 2023 340B status (binary). Controls for bed size (small 1-49; medium 50-199; and large 200+), independent hospital (non-system), and rural urban commuting area status (1-10).

<sup>3</sup>\*\*\*denotes statistical significance at 0.001, \*\* at 0.05, and \* at 0.1.

## WORKFORCE

Table 3a: Impact of 340B hospital status (2023) on hospital hourly rate for employed, contracted, and total employees

Outcome	340B		Non-340B		All		
	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] <sup>2,3</sup>
Employed hourly rate for patient care <sup>1</sup>	\$60.18 [56.67, 63.68]	\$60.76	\$59.46 [55.57, 63.34]	\$61.95	\$59.86 [57.39, 62.34]	\$61.13	0.023 [-0.076, 0.123]
<i>N</i>	21	21	16	50	37	37	37
Contracted hourly rate for patient care <sup>2</sup>	\$106.14 [94.40, 117.87]	\$105.18	\$117.81 [106.33, 129.30]	\$112.53	\$111.19 [103.04, 119.33]	\$107.54	-0.136* [-0.304, 0.032]
<i>N</i>	21	21	16	16	37	37	37
Both hourly rate for patient care <sup>3</sup>	\$62.29 [58.91, 65.66]	\$62.37	\$60.99 [57.33, 64.65]	\$62.77	\$61.73 [59.35, 64.10]	\$62.37	0.025 [-0.068, 0.118]
<i>N</i>	21	21	16	16	37	37	37

<sup>1</sup>Direct Patient Care Hospital Labor Hours related to Direct Patient Care Hospital Labor Cost for hospital employees.

<sup>2</sup>Direct Patient Care Contracted Labor Hours related to Direct Patient Care Contracted Labor Cost.

<sup>3</sup>Sum of Direct Patient Care Hospital Labor Hours and Direct Patient Care Contracted Labor Hours.

<sup>4</sup>Ordinary Least Squares (OLS) regression. Independent variable is 2023 340B status (binary). Controls for bed size (small 1-49; medium 50-199; and large 200+), independent hospital (non-system), and rural urban commuting area status (1-10).

<sup>5</sup>\*\*\*denotes statistical significance at 0.001, \*\* at 0.05, and \* at 0.

Table 3b: Impact of 340B hospital status (2023) on number of contracted full-time employees

Outcome	340B		Non-340B		All		
	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] <sup>2,3</sup>
Direct full-time employees <sup>1</sup>	1,149.3 [611.1, 1,687.5]	658	1,041.3 [230.3, 1,852.2]	551.5	1,102.6 [662.2, 1,543.0]	589	-0.299* [-0.631, 0.033]
	21	21	16	16	37	37	37
Contracted full-time employees <sup>2</sup>	87.8 [24.0, 151.6]	15	27.6 [9.0, 46.3]	12.5	61.8 [24.7, 98.8]	58	0.131 [-0.446, 0.710]
<i>N</i>	21	21	16	16	37	37	37

<sup>1</sup>Direct Patient Care Hospital Labor Full Time Equivalents (FTE), calculated by dividing Direct Patient Care Hospital Labor Hours by 2,080 hours for hospital employees.

<sup>2</sup>Direct Patient Care Contracted Labor Full Time Equivalents (FTE), calculated by dividing Direct Patient Care Contracted Labor Hours by 2,080 hours — which represents 40 hours per week for 52 weeks.