

**To:** Community Action for Responsible Hospitals  
**From:** Dr. Lisa M. Grabert  
**Re:** Hospital Spending Watch—New York  
**Date:** February 12, 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 New York, 340B hospitals—who qualify via DSH status—invested 42% more of earned revenue compared to non-340B hospitals. In addition, NY 340B hospitals provided charity care that was no different, on average, compared to non-340B hospitals. Finally, New York 340B hospitals employed 57% more contract full-time employees, including contract nurses, compared to non-340B hospitals.

**Conclusion:** The findings indicate New York’s 340B hospitals may be prioritizing 340B revenue for investments and contract labor, as opposed to charity care—which is more closely aligned with the intent of the 340B program.

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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: New York

### 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>NY</b>
<b>Flow of Money</b>	
Net Revenue	ND
Investment Income	42%
<b>Financial Assistance</b>	
Charity Care	ND
<b>Investment in Workforce</b>	
Employed Hourly Rate	ND
Contract Hourly Rate	ND
Total Hourly Rate	ND
Number of Full Time Contracted Employees	57%

<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>	\$932,000,000 [5.71e+08, 1.29e+09]	\$410,000,000	\$423,000,000 [1.61e+08, 6.86e+08]	\$175,000,000	\$753,000,000 [5.00+08, 1.01e+09]	\$367,000,000	0.068 [-0.295, 0.430]
<i>N</i>	70	70	38	38	108	108	108

<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>	\$191,000,000 [1.03e+08, 2.80e+08]	\$68,500,000	\$95,400,000 [1.71e+07, 1.74e+08]	\$17,600,000	\$158,000,000 [9.43e+07, 2.22e+08]	\$47,400,000	0.419* [-0.145, 0.984]
<i>N</i>	68	68	36	36	104	104	104

<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>	1.65% [-0.482, 3.79]	1%	1% [0.702, 1.30]	1%	1.44% [0.015, 2.86]	1%	-0.320 [-3.43, 2.79]
N	69	69	34	34	103	103	103

<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>	\$65.32 [61.32, 69.32]	\$65.41	\$59.10 [54.28, 63.92]	\$62.03	\$63.27 [60.14, 66.39]	\$64.55	0.039 [-0.061, 0.138]
<i>N</i>	71	71	35	35	106	106	106
Contracted hourly rate for patient care <sup>2</sup>	\$114.72 [109.58, 119.87]	\$114.55	\$116.67 [104.37, 128.97]	\$120.82	\$115.33 [110.24, 120.43]	\$115.78	-0.051 [-0.166, 0.064]
<i>N</i>	66	66	30	30	96	96	96
Both hourly rate for patient care <sup>3</sup>	\$67.95 [64.14, 71.76]	\$69.20	\$68.90 [62.28, 75.51]	\$73.30	\$66.02 [63.13, 68.92]	\$65.55	0.015 [-0.074, 0.104]
<i>N</i>	71	71	12	12	106	106	106

<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

	340B		Non-340B		All		
Outcome	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] <sup>2,3</sup>
Contracted full-time employees <sup>1</sup>	127.8 [86.0, 169.7]	58.5	34.8 [17.1, 52.4]	13.5	98.8 [68.4, 129.1]	31.5	0.572* [-0.042, 1.19]
<i>N</i>	66	66	30	30	96	96	94

<sup>1</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.