To: Community Action for Responsible Hospitals
From: Dr. Lisa M. Grabert
Re: Hospital Spending Watch—Virginia
Date: January 14, 2026

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.[1] Commonly referred to as "340B," the program's drug purchase results in approximately $81 billion in total revenue (2024) for hospitals.[2] It is important for policymakers and patients to understand how this revenue is being used within the US healthcare system.

Topline Takeaway: In the Commonwealth of Virginia, 340B hospitals—who qualify via DSH status—generated 59% more patient revenue (2023), on average, compared to all other non-340B hospitals. In addition, Virginia 340B hospitals invested 119% more revenue and relied on 145% more contract labor, on average, compared to non-340B hospitals.

Conclusion: The findings show that Virginia's 340B hospital patient revenue is more than quadruple their non-304B peers, which should enable them "to stretch limited federal resources as far as possible," as the program intended.[3] However, the findings on Virginia 340B hospital charity care (no different compared to non-340B hospitals) are inconsistent with the intent of "reaching more eligible patients."[4]

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[1] 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
[2] 2024 340B Covered Entity Purchases. *Health Resources and Services Administration*. Retrieved from: https://www.hrsa.gov/opa/updates/2024-340b-covered-entity-purchases
[3] House Energy and Commerce Committee. (1992). Report to Accompany H.R. 2980, The Medicaid Drug Rebate Amendments of 1992.
[4] Ibid.

Hospital Spending Watch

State: Virginia

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)

Outcome[1]	**VA**
Flow of Money	
Net Revenue	+59%
Investment Income	+119%
Financial Assistance	
Charity Care	ND
Investment in Workforce	
Employed Hourly Rate	ND
Contract Hourly Rate	+11%
Total Hourly Rate	ND
Number of Full Time Contracted Employees	+145%

[1]Outcomes defined below
[2]ND = No Difference

FLOW OF MONEY

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

	340B		Non-340B		All		
Outcome	Mean (95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI][2,3]
Revenue[1]	$839,000,000 [3.69e+08, 1.31e+09]	$262,000,000	$254,000,000 [1.88e+08, 3.19e+08]	$152,000,000	$407,000,000 [2.68e+08, 5.45e+08]	$188,000,000	0.588*** [0.288, 0.889]
N	17	17	48	48	65	65	65

[1]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.
[2]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).
[3]***denotes statistical significance at 0.001, ** at 0.05, and * at 0.1.

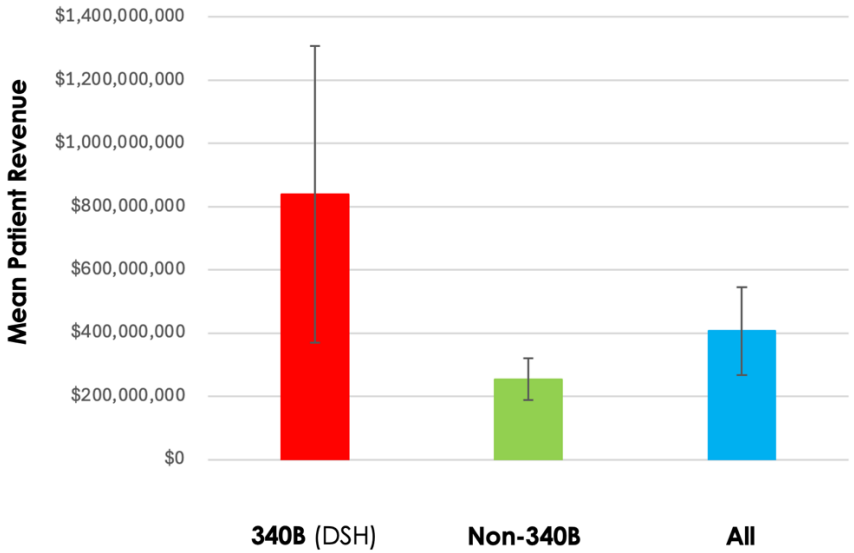
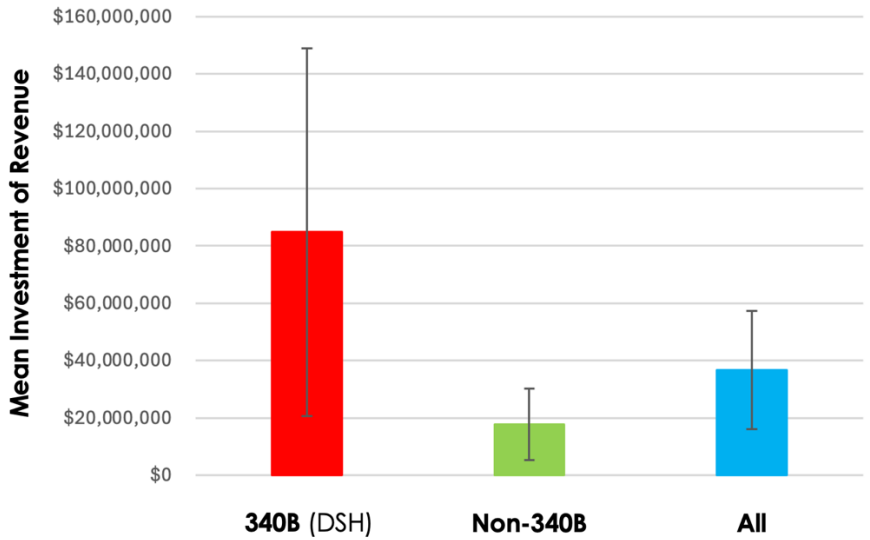


Table 1b: Impact of 340B hospital status (2023) on Investments

	340B		Non-340B		All		
Outcome	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI][2,3]
Investment Income[1]	$84,800,000 [2.06e+07, 1.49e+08]	$1.87e+07	$17,800,000 [5,335,963, 3.03e+07]	$2,813,472	$36,800,000 [1.62e+07, 5.73e+07]	$4,814,628	1.19** [0.354, 2.04]
N	15	15	38	38	53	53	59

[1]Income and Expenses not related to hospital operations, such as investment income, donations and contributions, cafeteria operations, etc.
[2]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).
[3]***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

	340B		Non-340B		All		
Outcome	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI][2,3]
Charity Care[1]	1.53% [1.04, 2.01]	1%	1.81% [1.44, 2.18]	2%	1.73% [1.44, 2.03]	2%	-0.191 [-0.848, 0.467]
N	17	17	47	47	64	64	70

[1]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.
[2]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).
[3]***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

	340B		Non-340B		All		
Outcome	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI][2,3]
Employed hourly rate for patient care[1]	$50.33412 [46.39322 54.27502]	$ 49.91	$51.40 [49.47, 53.13]	$51.31	$51.05 [49.40, 52.69]	$51.25	-0.026 [-0.094, 0.043]
N	17	17	48	48	65	65	65
Contracted hourly rate for patient care[2]	$113.2756 [103.8711 122.6801]	$110.765	$103.20 [96.85, 109.55]	$105.03	$106.13 [100.87, 111.38]	$105.81	0.112** [0.010, 0.213]
N	16	16	39	39	55	55	55
Both hourly rate for patient care[3]	$54.45 [50.74, 58.15]	$55.84	$52.74 [50.84, 54.64]	$52.98	$53.19 [51.53, 54.86]	$53.15	0.031 [-0.033, 0.095]
N	17	17	47	47	64	64	64

[1]Direct Patient Care Hospital Labor Hours related to Direct Patient Care Hospital Labor Cost for hospital employees.
[2]Direct Patient Care Contracted Labor Hours related to Direct Patient Care Contracted Labor Cost.
[3]Sum of Direct Patient Care Hospital Labor Hours and Direct Patient Care Contracted Labor Hours.
[4]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).
[5]***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][2,3]
Contracted full-time employees[1]	150.3 [44.8, 255.7]	62	23.6 [13.8, 33.5]	12	60.5 [30.7, 90.4]	21	1.45*** [0.686, 2.20]
N	16	16	39	39	55	55	53

[1]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.

