

To: Community Action for Responsible Hospitals
From: Dr. Lisa M. Grabert
Re: Hospital Spending Watch—Illinois
Date: February 20, 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 state of Illinois, 340B hospitals—who qualify via DSH status—invested 79% more of earned revenue compared to non-340B hospitals. In addition, IL 340B hospitals provided charity care that was no different, on average, compared to non-340B hospitals. Finally, IL 340B hospitals paid contract employees 10% more per hour compared to non-340B hospitals.

Conclusion: The findings indicate IL’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.

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>

Hospital Spending Watch

State: Illinois

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)

Outcome¹	IL
Flow of Money	
Net Revenue	ND
Investment Income	79%
Financial Assistance	
Charity Care	ND
Investment in Workforce	
Employed Hourly Rate	ND
Contract Hourly Rate	10%
Total Hourly Rate	ND
Number of Full Time Contracted Employees	ND

¹Outcomes defined below

²ND = 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] ^{2,3}
Revenue ¹	\$497,000,000 [3.17e+08, 6.78e+08]	\$324,000,000 3.24e+08	\$351,000,000 [2.49e+08, 4.54e+08]	\$229,000,000	\$420,000,000 [3.20e+08, 5.19e+08]	\$286,000,000	0.045 [-0.250, 0.341]
<i>N</i>	43	43	49	49	92	92	92

¹Gross 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.

²Ordinary 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

Outcome	340B		Non-340B		All		
	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] ^{2,3}
Investment Income ¹	\$68,300,000 [2.57e+07, 1.11e+08]	\$19,000,000	\$24,400,000 [6.95e+06, 4.19e+07]	\$11,300,000	\$45,100,000 [2.30e+07, 6.72e+07]	\$15,200,000	0.792** [0.215, 1.37]
<i>N</i>	40	40	45	45	85	85	84

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

²Ordinary 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

Outcome	340B		Non-340B		All		
	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] ^{2,3}
Charity Care ¹	3.79% [1.03, 6.55]	2%	1.63% [1.25, 2.00]	1%	2.65% [1.34, 3.96]	1%	1.89 [-0.627, 4.40]
N	43	43	48	48	91	91	90

¹Net 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.

²Ordinary 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

Outcome	340B		Non-340B		All		
	Mean [95% CI]	Median	Mean [95% CI]	Median	Mean [95% CI]	Median	Coefficient [95% CI] ^{2,3}
Employed hourly rate for patient care ¹	\$51.07 [48.46, 53.69]	\$51.84	\$52.04 [50.22, 53.86]	\$52.65	\$51.59 [50.06, 53.12]	\$51.88	-0.023 [-0.084, 0.038]
<i>N</i>	43	43	50	50	93	93	92
Contracted hourly rate for patient care ²	\$115.07 [96.82, 133.33]	\$104.41	\$105.22 [98.23, 112.22]	\$109.15	\$109.69 [100.73, 118.66]	\$107.41	0.101* [-0.023, 0.225]
<i>N</i>	39	39	47	47	86	86	85
Both hourly rate for patient care ³	\$54.31 [52.09, 56.53]	\$54.01	\$54.56 [52.71, 56.42]	\$53.84	\$54.45 [53.04, 55.85]	\$54.00	-0.004 [-0.056, 0.049]
<i>N</i>	43	43	50	50	93	93	92

¹Direct Patient Care Hospital Labor Hours related to Direct Patient Care Hospital Labor Cost for hospital employees.

²Direct Patient Care Contracted Labor Hours related to Direct Patient Care Contracted Labor Cost.

³Sum of Direct Patient Care Hospital Labor Hours and Direct Patient Care Contracted Labor Hours.

⁴Ordinary 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	63.4 [41.2, 85.7]	42.0	37.8 [21.1, 54.5]	22.0	49.4 [35.8, 63.0]	23.5	0.330 [-0.142, 0.801]
<i>N</i>	39	39	47	47	86	86	84

¹Direct 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.