

**Purpose:** This tool is intended to help all types of 340B covered entities organize and communicate their use of 340B savings. It captures benefits provided to the community based on total expense for a variety of services. This tool should be used in conjunction with the “340B Oversight Best Practices” tool, which provides guidance on calculating net Program savings, to show corresponding use of savings. This tool has been developed based on best practices from informed stakeholders and was validated with covered entities (DSH, FQHC, and other grantees). This tool does not represent a HRSA requirement for 340B Program compliance.

**Background:** Although the 340B statute does not require covered entities to document how savings are used, doing so is considered a best practice to demonstrate how the 340B Program expands access to underserved patient populations. This can also help internal stakeholders better understand what services would be directly affected if there is a loss of program savings for any reason.

It is not standard practice in health care accounting to link a dollar amount saved on an expense line with direct funding to a program or service. For this reason, many covered entities consider aggregate areas of community benefit and charity care. This tool provides space for covered entities to have flexibility in their approach, and it lists additional areas that may not be captured in a community benefit calculation, such as services targeted to vulnerable populations. A few best practices for using this tool include:

1. Working with reimbursement or finance departments to gain access to the listed resources
2. Reviewing financial information and evaluating whether the numbers represent actual costs or charges
  - a. A cost-to-charge ratio may be helpful in standardizing all information into actual costs

Although it is a best practice to align savings from the 340B Program directly to the cost of caring for the uninsured, each covered entity may make its own determination as to which areas of benefit apply directly to their 340B Program. Since many covered entity types report care to underserved populations differently, not every part of this tool will apply to all entity types. Examples are given in each of the tables that follow as demonstrations of possible areas that may align with the 340B Program depending on the covered entity’s interpretation of 340B intent.

If you have never completed this type of exercise before and would like more detailed instruction on where to look for these numbers, a detailed explanation can be found in the [340B Health Impact Profile Guidebook](#).

## Table 1: Reported Community Benefit

Community benefit is often reported through a variety of established mechanisms. The following forms are routinely used to report community benefit activities.

- Medicare Cost Report, Worksheet S10
- Schedule H, IRS Form 990
- Grant reporting documents

### Examples

- Cost of treating uninsured patients (may be referred to as indigent or charity care)
- Unreimbursed cost of treating Medicaid patients
- Bad debt
- Community health improvement services
- Subsidized health services
- Unreimbursed cost of treating Medicare patients
- Unreimbursed cost of treating other government plan patients

Table 1: Reported Community Benefit		
Program or Service Provided	Total Expense	Description (how this aligns with 340B Program intent)



## Table 2: Non-Reported Community Benefit

Many non-profit healthcare organizations also provide unreported care to underserved populations, which can be highlighted in Table 2. Entities that provide these services to both insured and uninsured populations may need to further break down the service costs based on program intent.

### Examples

- Other uncompensated care
- Free vaccinations
- Free medication delivery to rural areas
- Free pharmacy Medication Therapy Management (MTM) services
- FTE helping connect patients to manufacturer drug programs
- FTE to increase outreach and enrollment of underserved patients to care or services
- Transitions-of-care teams
- Capital building projects focused on low income populations

Table 2: Non-Reported Community Benefit		
Program or Service Provided	Total Expense	Description (how this aligns with 340B Program intent)

*This tool is written to align with Health Resources and Services Administration (HRSA) policy, and is provided only as an example for the purpose of encouraging 340B program integrity. This information has not been endorsed by HRSA and is not dispositive in determining compliance with or participatory status in the 340B Drug Pricing Program. 340B stakeholders are ultimately responsible for 340B program compliance and compliance with all other applicable laws and regulations. Apexus encourages all stakeholders to include legal counsel as part of their program integrity efforts.*

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