



340B Covered Entity Report

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The Health Economics Program at MDH

- The Health Economics Program (HEP) conducts research and applied policy analysis to:
 - Monitor changes in the health care market
 - Understand factors influencing health care cost, quality and access
 - Provide objective, technical assistance to policymakers
- Our work is data-driven
- It is available through reports, issue briefs, data dashboards, presentation slides & testimony



About the 340B Report

- Federal 340B Drug Pricing Program was established to financially support eligible provider organizations' safety-net functions
 - Prescription drug manufacturers must provide a discount on outpatient Rx acquisitions
 - Providers generate revenue (or reduce losses) because reimbursement > acquisition cost; difference is "net revenue"
- Nationally, policy questions swirl around the growth of the program, how well it is targeted, the financial incentives it generates, and how revenues are used
- MN Legislature wanted to understand: would providers lose revenue if the state changed how it managed the Medicaid prescription drug benefit?

The federal 340B program:

- Specifies which providers may participate (Covered Entities)
 - Including which associated care sites (approved child sites)
 - And which pharmacies may dispense on their behalf (contract pharmacies)
- Specifies which outpatient prescriptions qualify
 - For eligible patients of the Covered Entity
 - Duplicate discounts are not allowed
- Sets the acquisition price (by formula) Covered Entities pay to the manufacturer for the eligible outpatient prescription drugs

It does *not directly* impact how net revenues are used, reimbursement rates or patient payments are set, pharmacy networks are designed, etc.

340B Examples

Example of How 340B Generates Revenue

Insured Patients	Without 340B	With 340B
Drug Cost	-\$100	-\$60
Payment received (reimbursement + co-payment)	+\$100	+\$100
340B Operating Costs	\$0	-\$4
Net 340B Revenue	\$0	+\$36

Example of How 340B Reduces Operating Losses

Uninsured Patients	Without 340B	With 340B
Drug Cost	-\$100	-\$60
Payment Received	+\$0	+\$0
340B Operating Costs	\$0	-\$4
Operating Loss	-\$100	-\$64

Minnesota's 340B Covered Entity Report, 2025: Findings

Available online: www.health.state.mn.us/data/340b/docs/2025report.pdf

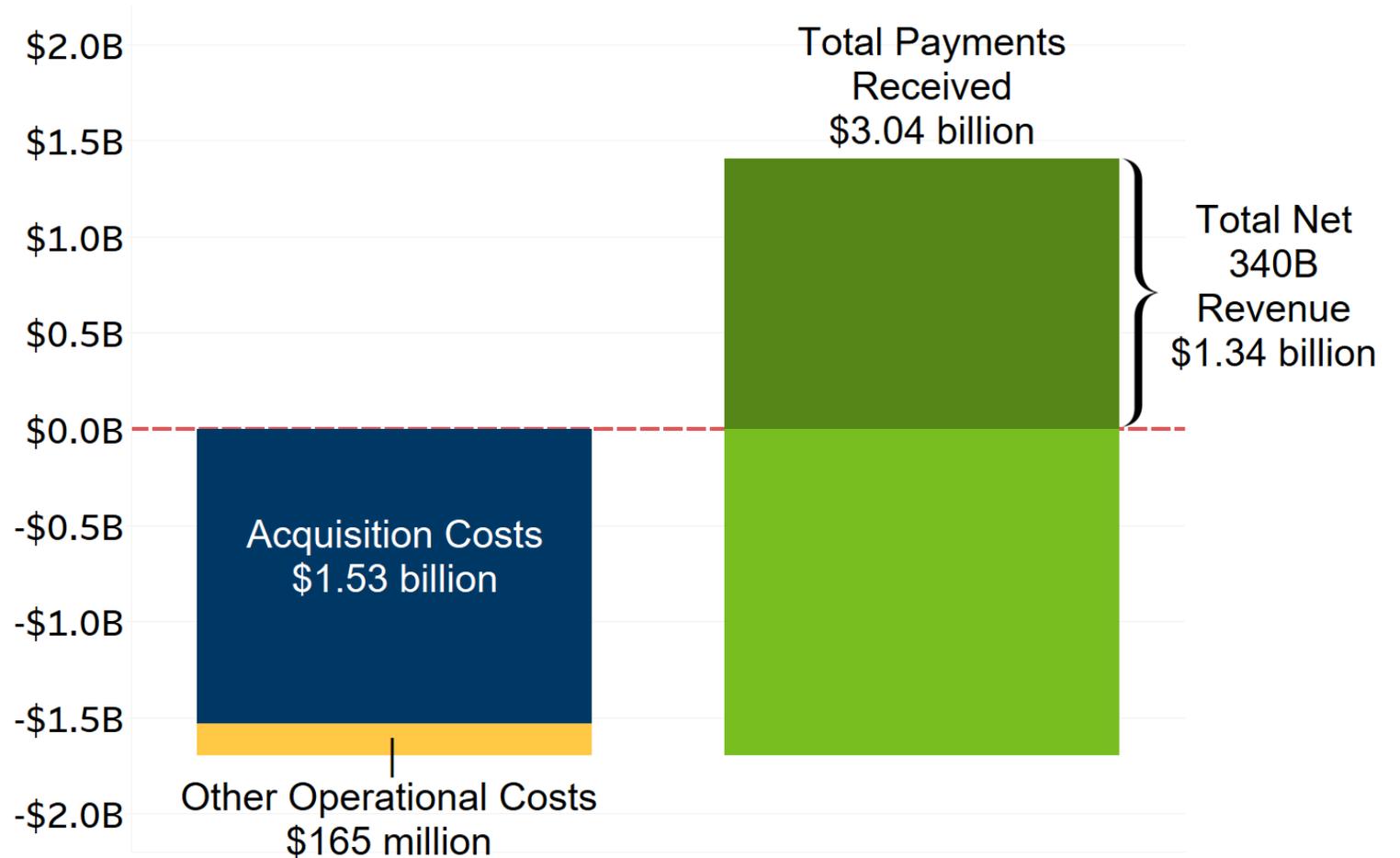
340B Providers in Minnesota (Covered Entities)

Covered Entity groupings	2024 parent Covered Entities expected to report
General Acute Care Hospitals (DSH-eligible)	23
Critical Access Hospitals (CAH)	73
Other Hospitals	9
Disease Specific Federal Grantees	80
Safety-Net Grantees	19
Total	204

- Reach of 340B Covered Entities includes:
 - 1,172 associated provider sites (child sites; primarily affiliated outpatient clinics)
 - 2,472 contracts with outpatient pharmacies (50% of which are not in MN)
- Findings include data from 181 Covered Entities

Source: MDH, Health Economics Program analysis of 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report. Available at: <https://www.health.state.mn.us/data/340b/docs/2025report.pdf>

Minnesota Covered Entities' 2024 net 340B revenue



Source: MDH, Health Economics Program analysis of 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report. Available at: <https://www.health.state.mn.us/data/340b/docs/2025report.pdf>

What's driving the net 340B revenue?

- Statewide, 340B net revenue was **\$1.34 billion in 2024**, which is roughly double last year's total
 - Primarily due to the more complete inclusion of office-administered drugs
 - Also likely reflects some 340B program growth (nationally, 340B acquisitions grew 22% from 2023 to 2024)
- Hospital drug-level data show that most revenue is generated by “specialty drugs”
- General acute care hospitals (DSH) account for 80% of the net revenue

Net 340B revenue by Covered Entity groupings

Covered Entity (CE) Grouping	Count	Acquisition Costs (\$)	Operational Costs (\$)	Payments Received* (\$)	Net 340B Revenue (\$)	Average Net 340B Revenue per CE (\$)
General Acute Care Hospital (DSH)	23	1,146,283,931	126,256,917	2,354,920,744	1,082,379,896	47,059,995
Critical Access Hospital (CAH)	70	128,857,966	22,053,951	286,349,727	135,437,811	1,934,826
Other Hospital	9	151,053,325	7,562,181	250,917,300	92,301,794	10,255,755
Disease Specific Federal Grantee	63	94,968,939	4,947,795	121,924,660	22,007,925	349,332
Safety Net Federal Grantee	16	9,392,014	3,931,942	21,467,494	8,143,538	508,971
Total	181	1,530,556,175	164,752,786	3,035,579,925	1,340,270,964	7,404,812

*Includes \$64 million in estimated missing payments for administered drugs

More key findings for 2025 report

- Prescriptions reimbursed by commercial plans and Medicare generated an estimated 80% of net 340B revenue in Minnesota
- For every \$100 dollars of gross 340B revenue generated, Covered Entities paid approximately \$10 to *external* organizations
 - About **\$137 million went to intermediaries** such as third-party administrators and contract pharmacy fees
 - Covered Entities spend approximately **\$28 million internally** to operate their programs
 - Operating costs varied significantly—Critical Access Hospitals and non-hospital grantees spent greater portions of their net revenue on operational costs
- Report also includes: deeper dive into drug level findings, policy landscape, and entity-level net 340B revenue (statutorily required)

Top 90% named Covered Entities

- 25 Covered Entities make up the top 90% of net 340B revenue in Minnesota in 2024
- All hospitals; one hemophilia treatment center
- Here are the top 8 of the 25

Full list available in Appendix 6 (page 42) of the [report](#)

Source: MDH, Health Economics Program analysis of 2024 data reported by Covered Entities under the Minnesota 340B Covered Entity Report. Available at: <https://www.health.state.mn.us/data/340b/docs/2025report.pdf>
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Covered Entity Name	340B Covered Entity Type	City	Net 340B Revenue (\$)	% of Statewide Net 340B Revenue
M Health Fairview - University of Minnesota Medical Center	Disproportionate Share Hospital	Minneapolis	334,683,472	26.1%
Abbott Northwestern Hospital	Disproportionate Share Hospital	Minneapolis	153,985,063	12.0%
Hennepin Healthcare	Disproportionate Share Hospital	Minneapolis	99,659,845	7.8%
Essentia Health Duluth	Disproportionate Share Hospital	Duluth	76,920,741	6.0%
United Hospital	Disproportionate Share Hospital	St. Paul	63,398,615	5.0%
CentraCare - St. Cloud Hospital	Disproportionate Share Hospital	St. Cloud	52,235,397	4.1%
North Memorial Health	Disproportionate Share Hospital	Robbinsdale	49,955,943	3.9%
Regions Hospital	Disproportionate Share Hospital	St. Paul	47,883,168	3.7%

- In many ways, the 340B program is an example of complexity in health care:
 - Limited transparency
 - Complexity requires considerable administrative investment by provider organizations
 - Once established, the program develops its own dynamic, becoming a commercial opportunity, particularly for intermediaries or middlemen
- Minnesota's initiative has created momentum: 13 states have passed legislation to better understand the program and the role it plays in their community

Thank you!

Additional resources

Health Economics Program homepage: [Health Economics Program](#)

Health Care Market Resources: [Minnesota Chartbooks](#)

340B Covered Entity Report homepage: [340B Covered Entity Report](#)

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