

CHI St. Alexius Health Carrington Medical Center Carrington, ND:

We are a 25-bed critical access hospital. The population we serve is primarily geriatric/nursing home patients, although we do see a wide variety of ages in our attached primary care clinic and emergency department. The clinic provides care for all ages of patients for minor illnesses, preventative health, and chronic diseases. Financial concerns are ever present. The pharmacy department provides a substantial financial contribution. Drug shortages and their associated costs, as well costs of those drugs readily available are responsible for the majority of pharmacy's budgetary expenditures. In an operating environment where inpatient volumes and associated revenues have seen a continual decrease year over year, drug spend has been flat, or seen an increase. In the light of treating fewer patients we should have seen a corresponding decrease in drug spend. However, due to increased drug acquisition costs, this is not the case.

THE BENEFITS OF THE 340B PROGRAM:

The revenue and savings generated from our 340b program support the mission to provide care to those who are unable to pay for healthcare services. Whether this is due to having no insurance or the patient is underinsured, our charity care and write-offs of uncompensated are made possible by our 340b program.

To-date estimates of expense reductions: \$143,639 (estimated through 6/10/2019)
To-date estimate of revenue enhancement: \$833,761 (through 3/31/2019)

Revenue generated from the 340b program helps support not only a discount for certain medications, but helps the overall operations of the hospital. Carrington Medical Center was able to provide \$557,352 in community benefit in fiscal year 2018 between financial assistance programs and other support in the community, which in turn supported 31,364 people.

The 340b program allows us to continue to provide excellent healthcare across the continuum of care. It supports our ability to stay compliant with all laws and regulations, most notably with regard to USP797 and USP800. Renovations to maintain compliance for hazardous drugs and compounded sterile products with regard to USP797 and USP800 alone will cost upwards of \$400,000.00. Our 340b revenue and savings makes these renovations possible. In radiology, a new 3D mammography machine was purchased providing our patients with up-to-date diagnostic and preventative care. An example of an indirect benefit to the patients we serve was the unexpected, but necessary purchase of a new boiler to heat our facility through the long, North Dakota winter. Healthcare operations are expensive and our 340b program provides substantial support in helping us fulfill our mission of providing high-quality healthcare to all in our rural North Dakota facility.

IMPACT IF THE PROGRAM WAS SCALED BACK:

First and foremost, it would have a direct impact on pharmacy budget. There would be potential unavailability of drugs due to the lack of funds needed to maintain minimum inventories. This has a potential for impacting timely patient care due to drug inventories being kept below normal operating levels and subsequent unavailability.

Long term, we would have difficulty in updating needed technology in our care areas. Projects like a new USP797/800 compliant clean room for pharmacy, a new boiler to heat the facility, or a new 3D mammography machine would very difficult to complete.

Healthcare technology is rapidly changing. We strive to provide the most cost-effective therapies and services for our all patients. If the 340b program were to be scaled back the impact on our rural North Dakota, critical access hospital would be significant. Our ability to provide care to for the medically indigent and all patients in our service area would be diminished or disappear. There would be many facilities similar to ours that would more than likely close their doors.