Calculating Estimated 340B Program Savings

(A) GPO or other Estimated Acquisition Costs	Minus -	(B) Actual 340B Acquisition Costs	Plus +	(C) Benefit from Contract Pharmacy Arrangement	Equals =	(D) Estimated Savings of 340B Program
TOTAL						**Total Estimated Savings of 340B Program**
						Compare 340B Estimated Savings to Total Drug Expenditures

Step (A) Group Purchasing Organization (GPO) or other Estimated Acquisition Costs

Step A establishes what the hospital would have spent on drugs absent the 340B program. In the first column, hospitals should identify GPO prices for drugs purchased through the 340B program. 340B hospitals could work with their wholesale distributors to access the GPO pricing information. The hospital could request that the wholesale distributor provide a report to the 340B hospital that includes GPO pricing for all 340B drugs purchased on a periodic basis. If GPO pricing is not available for comparison, 340B hospitals could use another pricing source such as Wholesale Acquisition Costs (WAC) or another acceptable pricing source to determine the "estimate acquisition costs." Again, the wholesale distributor could provide information for drugs without a comparable GPO price.

Step (B) Actual 340B Acquisition Costs

In **Step B** 340B hospitals determine the actual amount spent on the purchase of 340B drugs. To obtain the actual purchase or acquisition costs for the 340B drugs for **Step B**, the hospital could work with the wholesale distributors and request an invoice report of all the 340B drugs purchased. The amount in **Step B** is subtracted from **Step A**.

Step (C) Benefit from Contract Pharmacy Arrangement

This component of the calculation is intended to capture any benefit the 340B hospital may realize if it utilizes contract pharmacy arrangements. If the 340B hospital **does not** utilize contract pharmacy arrangements, the hospital would **skip Step C**. If the hospital does have a contract pharmacy arrangement, in this step the hospital would add the benefit derived from their contract pharmacy arrangement to the **remainder** from **Step A** and **Step B.** To determine the contract pharmacy benefit, the 340B hospital utilizing such arrangements would look at total prescription drug reimbursement for 340B drugs dispensed through the contract pharmacy minus any dispensing or administrative fees by the contract pharmacy. The hospital could obtain this information from the contract pharmacy entity.

Step (D) Estimated Savings of 340B Program

Step D is the estimated savings the 340B hospital derives from participating in the 340B program. To provide context for the estimated 340B savings, the hospital could compare savings to total estimated hospital drug expenditures as defined by:

Estimated total hospital drug expenditure = total estimated hospital drug expenditures – drug manufacturer rebates and discounts*

**Total estimated drug expenditures include inpatient and outpatient drugs.*