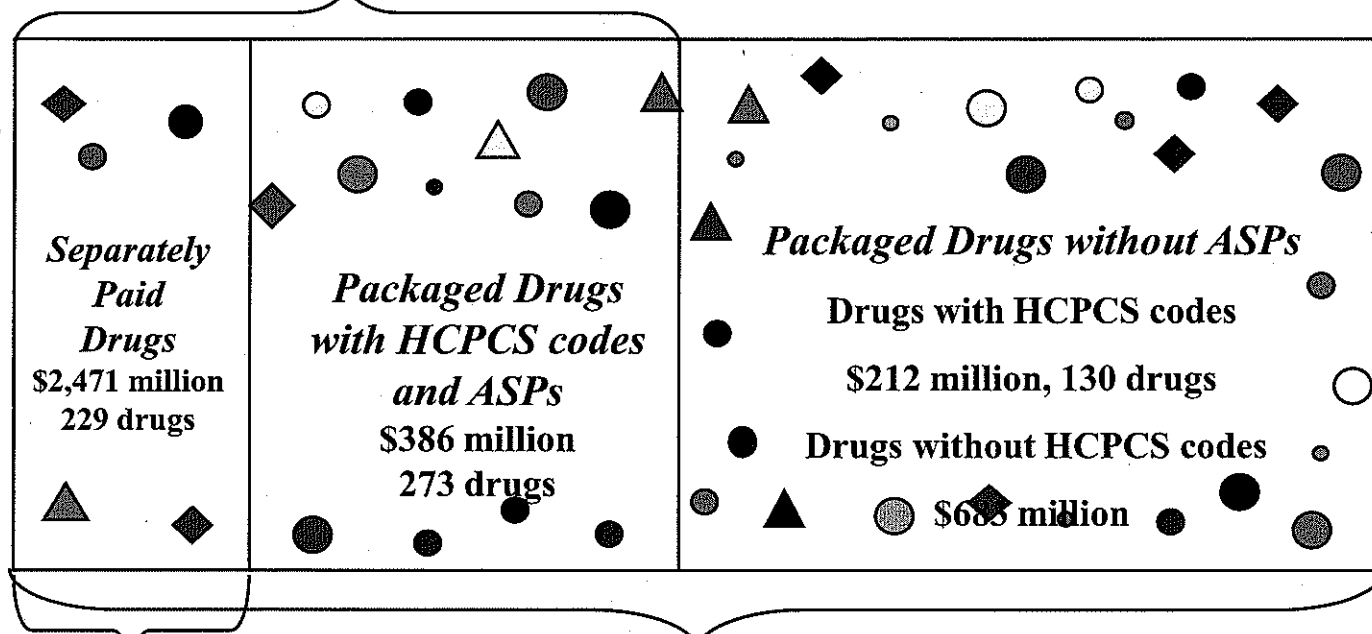


# CMS's Mean Unit Costs as a Percentage of ASP Change Dramatically Depending on What Drugs are Included in the Calculation

Mean unit cost on average = ASP + 13%

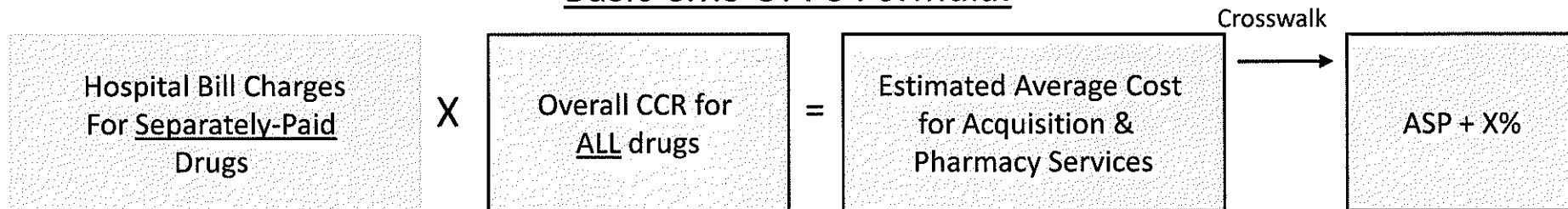


Mean unit cost on average = ASP + 3%

Mean unit cost on average when all drugs are used (those with and without HCPCS codes) = ASP + 27%

# CMS Payment Formula: Underestimates Hospital Costs for Drugs/Biologicals

## Basic CMS OPSS Formula:



Problem #1: Inappropriately includes 340B program sales, 35% of overall volume

Problem #2: Does not take into account charge compression. Uses overall drug CCR to estimate costs on only a subset of drugs with relatively low charge mark-ups

Problems 1+2 = Underestimation of Hospital Costs for Drugs/Biologicals

### Growth of CMS/HRSA DSH Section 340B Covered Entity Sites

