

Our Health Equity: Issue Guide

To: State Policymakers
From: Domestic Policy Caucus
Date: March 14, 2025
Re: Our Health Equity

The Problem:

Charity care systems are designed to reinvest in underserved communities by providing appropriate and comprehensive care to uninsured and underinsured patients but very few hospitals actually reinvest in their urban communities.

THE ISSUES



Hospital Closures in At-Risk Communities

Closures and funding cuts in essential hospital departments often occur as large systems prioritize profit over community care. When departments that distribute lifesaving treatments and procedures are shuttered, at-risk populations lose critical access to care. Many nonprofit hospital systems focus on maximizing revenue by expanding services in wealthier areas while neglecting the communities that rely on them the most. This undermines the intended purpose of programs like 340B, leaving vulnerable communities without the support they need.



Misallocation of 340B Revenue

Nonprofit hospitals receive substantial tax breaks and financial incentives under the expectation that they will reinvest their profits into the communities they serve. Instead of being used to provide crucial programs such as preventative care, community health initiatives, and financial assistance for low-income patients, 340B profits are often funneled into hospital consolidation in more affluent communities. As a result, at-risk populations continue to face significant barriers to care, deepening health disparities and undermining the very purpose of nonprofit hospitals.

How to Talk about Hospital Closures in At-Risk Communities:

The closure of essential hospitals and the consolidation of medical services in at-risk communities limits the care available to already underserved populations. Instead of closing essential services, charity care hospitals should be committed to providing affordable and comprehensive care to the communities they are meant to serve. Comprehensive healthcare should be available to all Americans, regardless of the community they live in.

How to Talk about Misallocation of 340B Revenue:

The 340B program can be at the core of a health equity agenda, provided the profits reach the patients and clinics that are serving the communities most at risk. More regulations and oversight could help ensure that charity care dollars are used to keep clinics and hospitals open in low-income neighborhoods to provide crucial care to these communities, but as the program currently stands, it only adds to the profits-over-patients paradigm that exists in the healthcare industry.



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