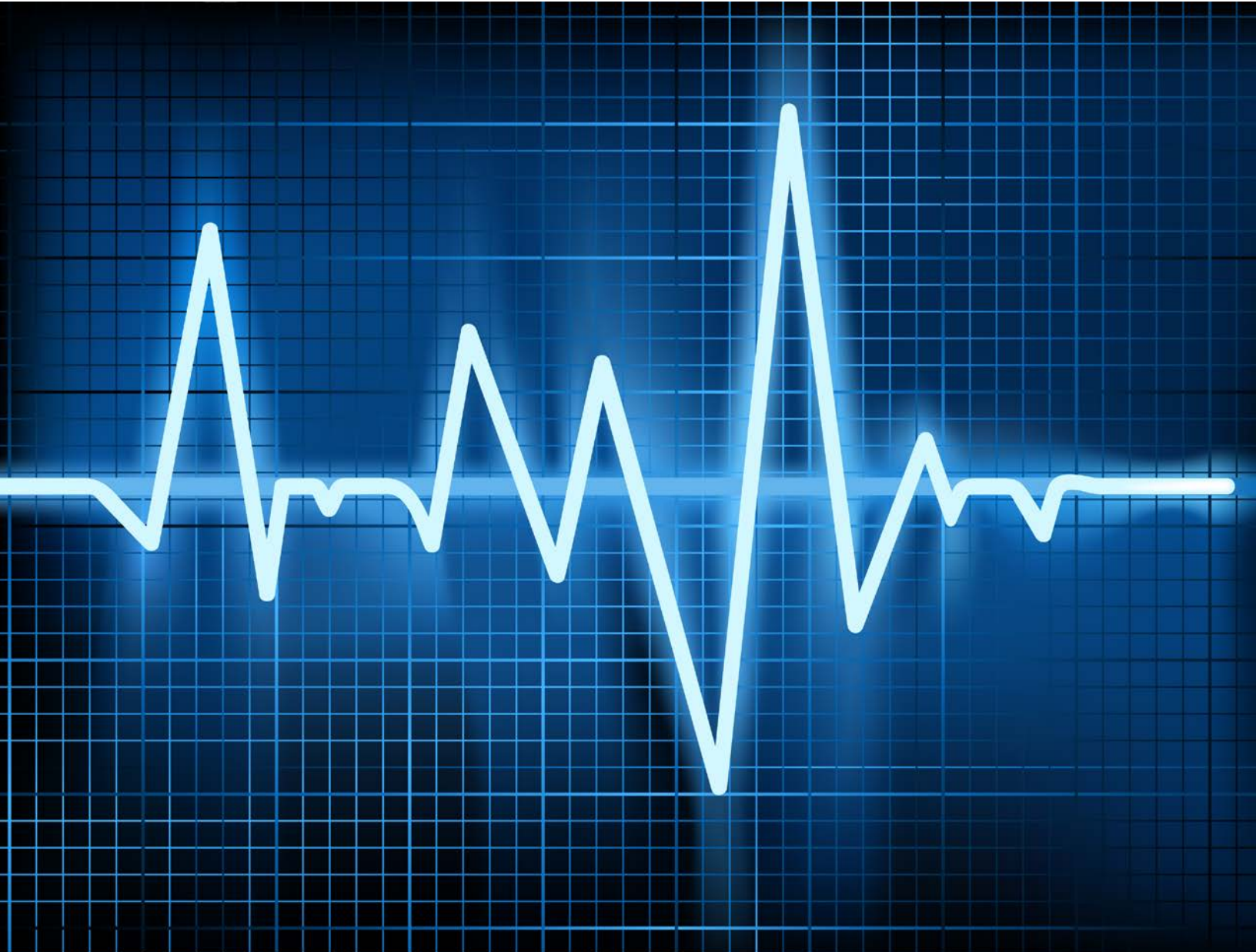


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## OVERVIEW

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In March of 2010, HRSA announced that it would allow all 340B Covered Entities to establish a Contract Pharmacy arrangement with an unlimited number of pharmacies. Since that time, the number of distinct 340B IDs with more than one Contract Pharmacy arrangement has increased from 31 to 2,070; a 66-fold increase in just four years. Although a number of large retail pharmacy chains are actively participating in the 340B Contract Pharmacy program, Walgreens is the largest participant by far. In April of 2014, Walgreens accounted for 44% of all active Contract Pharmacy arrangements as recorded in OPA's database.

This study evaluates Walgreens participation in the 340B Contract Pharmacy program. The data tables presented in this document summarize the results of the analyses including Walgreens pharmacies as a percentage of all contract pharmacy arrangements, the percentage of Walgreens pharmacies participating in the 340B program and the median income of contracted and non-contracted Walgreens pharmacy locations. This study was funded by Pharmaceutical Research and Manufacturers of America (PhRMA).

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**WALGREENS AS A PERCENTAGE OF ALL CONTRACT PHARMACY ARRANGEMENTS**

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This analysis calculates the percentage of all unique 340B contract pharmacies that Walgreens represents as well as the percentage of contract pharmacy arrangements that are with a Walgreens pharmacy. A contract pharmacy arrangement is any distinct pharmacy location that is contracted with a unique 340B ID.

Category	Unique Contract Pharmacies	Percent of Total	Contract Pharmacy Arrangements	Percent of Total
<b>Walgreens Pharmacies</b>	5,975	38%	17,721	44%
<b>All Other Pharmacies</b>	9,880	62%	22,504	56%
<b>Total</b>	<b>15,855</b>		<b>40,225</b>	

**PERCENTAGE OF WALGREENS PHARMACIES PARTICIPATING IN 340B PROGRAM**

This analysis identifies the percentage of Walgreens pharmacies that are contracted with at least one 340B Covered Entities. The results are further broken down to identify the count of distinct pharmacies that are contracted with multiple 340B Covered Entities, defined as having a distinct 340B ID in the OPA database. This table shows that more than a quarter (26.7%) of all Walgreens pharmacies have a contract pharmacy relationship with three or more 340B entities. Additionally just 27.6% of Walgreens do not have any contract pharmacy relationships.

Number of Entities	Number of Pharmacies	% of Total
10+	197	2.4%
9	31	0.4%
8	39	0.5%
7	103	1.3%
6	193	2.3%
5	389	4.7%
4	460	5.6%
3	782	9.5%
2	1,259	15.3%
1	2,503	30.4%
0	2,271	27.6%
<b>Subtotal Contracted</b>	<b>5,956</b>	<b>72.4%</b>
<b>Total</b>	<b>8,227</b>	

## MEDIAN INCOME ANALYSIS

This analysis compared the median income of the geographic location of Walgreens pharmacies that are contracted with at least one 340B Covered Entity with Walgreens pharmacies that are not contracted with any 340B Covered Entities. The analysis also considered median income by type of 340B Covered Entity. The results show that 14.68% of Walgreen’s contract pharmacies are in an area with a median household income of less than 200% of the federal poverty level. A higher share (20.84%) of Walgreens contract pharmacies are in areas with a median household income of more than 400% of the federal poverty level.

% of FPL [3]	Count of Distinct Pharmacies by Type [1], [2]				Contracted Pharmacies		Non-Contracted Pharmacies	
	DSH	CAH	Community [4]	Other	Total	% of Total	Total	% of Total
0-100%	9	-	10	2	15	0.25%	6	0.3%
100-200%	533	24	642	176	858	14.43%	232	10.8%
200-300%	1,475	93	1,738	357	2,430	40.88%	760	35.4%
300-400%	977	38	862	204	1,402	23.59%	533	24.8%
400%+	960	14	581	170	1,239	20.84%	616	28.7%
<b>Subtotal</b>	<b>3,954</b>	<b>169</b>	<b>3,833</b>	<b>909</b>	<b>5,944</b>	<b>100.00%</b>	<b>2,147</b>	<b>100.0%</b>
<b>Note(s):</b>								
[1] Areas with a median income of \$0 have been excluded from this analysis.								
[2] Double counting occurs when the same pharmacy is contracted with two different types of 340B entities (e.g. DSH or CAH)								
[3] Federal Poverty Level (FPL) has been calculated at a 3 person household level and are based off of 2013 figures.								
[4] Community Entities are both Community Hospitals (CH) and FQHC.								