

Health Care News And Notes



One Surprising Cause Of Health Care Cost Increases

(NAPSA)—Many Americans are asking their representatives what's being done about a well-intentioned health care cost-cutting program—that's actually having the opposite effect.

The original idea was to help not-for-profit hospitals cover some of the costs associated with treating low-income patients by making pharmaceutical companies provide large discounts to hospitals that treat many Medicaid patients. The discounts were to be for medicines used in an outpatient setting, such as chemotherapy drugs.

The Problem

The program, called 340B, is now used by many hospitals to get discounts on medicines for insured patients. The hospitals then pocket the difference—unfortunately, they are not required to pass on savings to patients—and use it to fund executive salaries and other unintended uses. As the Affordable Care Act expands Medicaid eligibility, more patients on Medicaid will mean more hospitals are eligible for discounts.

Additionally, some hospitals with the benefit of 340B discounts are buying up—or partnering with—private clinics, which would not on their own qualify for discounts.

According to The Journal of the American Medical Association (JAMA), this drives up the cost of care. For example, JAMA says, the widening disparity in drug revenue between 340B and non-340B hospitals shifts patients out of the comfort of a private clinic setting and into the hospital setting, where care is typically more expensive than the same care delivered in the physician's office.



Congress may soon take steps to change a little-known health care program that's costing patients money, time and comfort.

The net result is an overall increase in health care spending.

A recent study from Avalere Health found that chemotherapy costs as much as 25 percent more in the hospital outpatient setting than in dedicated cancer clinics.

What's more, 340B hospitals are now allowed to contract with for-profit pharmacies in order to sell discounted medicines at full price to patients.

An Answer

The program has now received attention from Capitol Hill. Senator Charles Grassley (R-Iowa) sent a letter of inquiry to a major drugstore chain referencing a claim that 340B would make the pharmacy a minimum of \$250 million over five years.

Grassley asked the pharmacy to detail its profits from the 340B program, as well as to explain whether it would reinvest that money back into underserved communities.

What You Can Do

You can express an opinion on this or any issue to your senators and representatives at www.senate.gov and www.house.gov.