SNHPA

Safety Net Hospitals for Pharmaceutical Access

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Contact: Randy Barrett
202-536-2285/703-405-6230
randy.barrett@snhpa.org

Hospital Group Refutes Misleading Study on Cancer Costs
Responds to IMS Study Released Today

The following statement can be attributed to Ted Slafsky, President and Chief Executive Officer of Safety Net Hospitals for Pharmaceutical Access:

"Safety-net hospitals must accept all patients, regardless of ability to pay. Private oncologists have the luxury of passing along their uninsured, underinsured and low-income patients to the nearest hospital for treatment. It is ironic that the pharmaceutical industry and its surrogates are using a new, flawed report to blame healthcare providers for high oncology prices. Hospitals don't set medicine prices. They do give outstanding care to cancer patients while shouldering the heavy burden of providing treatment for tens of millions of our most vulnerable patients."

Key Points About Recent Report on Cancer Spending

- The 340B program continues to account for 2% of all drug purchases even after deliberate actions taken by Congress to expand the program. The Affordable Care Act added rural hospitals and free-standing cancer hospitals to 340B, and although half the hospitals in 340B today are in this category, most of them are small hospitals and this category makes up only 3% of total 340B sales. The IMS report partly attributes 340B growth to the newly-eligible free-standing cancer hospitals, but there are only 11 such hospitals in the country, and only 2 of them participate in 340B. The others do not serve enough Medicaid and low-income Medicare patients to be eligible.

- The authors claim that oncology care is more expensive in hospital settings and note that 340B participation has increased. Based on these two points, the authors somehow come to the conclusion that 340B has made oncology care more expensive. The report provides no data to support this suggestion. For example:

    - Nothing in this report indicates that 340B hospitals are providing more oncology care than non-340B hospitals.

    - Nothing in this report indicates that 340B hospitals have purchased private oncology practices at greater rates than non-340B hospitals.

    - Nothing in this report indicates that 340B purchases make up a significantly larger share of the oncology drug market than the percentage of 340B drugs in the total drug market.

- 340B hospitals by definition serve a disproportionate level of vulnerable patients. To participate in 340B, hospitals must have a high volume of Medicaid and low-income, elderly patients or serve vulnerable patients in rural settings. The IMS report says that hospital uncompensated care is "essentially" a proxy for 340B eligibility, suggesting that is why they are comparing 340B spending to uncompensated care. However, uncompensated care is not a proxy for 340B eligibility. The costs of treating Medicaid and low-income, elderly patients are not reflected in the uncompensated care data relied on in the IMS report, and these safety net hospitals depend on their 340B savings to serve these vulnerable patient populations in addition to their other underserved patients.

- The drug industry is responsible for determining drug prices. Since 2007, the price of brand-name medicines overall has surged, with prices doubling for dozens of established drugs that target everything from multiple sclerosis to cancer and blood disorders.

- Community oncologists do not face the same struggles as safety net providers in serving the needs of low-income patients. According to the latest data, only 4% of patients treated by community oncologists are uninsured and 4% are on Medicaid. This is because community oncology practices refer low-income and uninsured patients to hospitals for their cancer treatments.

Safety Net Hospitals for Pharmaceutical Access (SNHPA) is an association of over 1,000 hospitals with a mission to increase the affordability and accessibility of pharmaceutical care for the nation's poor and underserved populations. For more information about SNHPA and the 340B program, visit www.snhpa.org.