

Monday, June 25, 2018

Drug discount program invaluable to rural hospitals

By: Rochester Business Journal Staff Travis Heider ⌚ June 22, 2018



Every month, a prescription drug discount program is helping thousands of patients across our region receive the medications and health care they need—and most of us have never heard of it.

The 340B program, as it is known, was enacted in 1992 and does not require taxpayer dollars. Instead, it requires pharmaceutical companies to participate in Medicaid to provide discounts on covered outpatient

certain hospitals and other providers that serve our nation's most vulnerable patients.

There are nine hospitals that qualify for the 340B program in the Rochester area: Strong Memorial Hospital, Highland Hospital, Unity Hospital, Arnot Ogden Medical Center, Noyes Health, Clifton Springs Hospital and Jones Memorial Hospital, St. James Hospital and St. Joseph's Hospital. New York's hospitals have very slim operating margins, so for those that are eligible, the savings are a crucial part of their financial health.

The 340B program is extremely important to UR Medicine. As a safety-net provider, UR Medicine provides care to all patients who seek care, regardless of ability to pay. Nearly 40 percent of patients seen at Strong Memorial Hospital are Medicaid or low-income Medicare recipients. With the savings that result from participating in the 340B program, UR Medicine is able to provide more free and reduced-cost medications to patients in need, invest in the growth programs that serve a high proportion of underserved patients despite negative net margins, fund a robust cancer care program and expand rural access to cancer care. The 340B program also helps mitigate losses that result from rapidly rising drug prices, as well as chronic underpayments from public payers like Medicare and Medicaid.

For many small and rural hospitals, 340B is what keeps their doors open. It allows them to maintain services for patients with cancer, HIV and neurological diseases like multiple sclerosis, which are treated with high-cost medicines that some facilities otherwise could not afford. No matter what illness they are battling, most patients benefit from the comfort and convenience of receiving treatment close to home. Cutting the 340B program would have a devastating impact on rural hospitals, their patients and the local economy.

A major change to the 340B program went into effect on Jan. 1, when CMS cut the payment rate on separately payable 340B-eligible drugs by 28.5 percent. As a result, the American Hospital Association and its coalition partners (including Pandion Healthcare: Education & Advocacy) filed a lawsuit with the U.S. Court of Appeals to challenge the rule change. A decision is expected sometime this summer.

In May, President Donald Trump and the Secretary of Health and Human Services, Alex Azar, announced their intention to lower the cost of prescription drugs. However, we need to ensure that these cuts do not affect the 340B program. We're thankful for partners like Sen. Chuck Schumer, the AHA and HANYS, who stand with patient providers to push back against any legislation that would undermine 340B.

With all the complexities and controversy that surround the financing of health care, 340B is a relatively simple program that, for more than 25 years, has been instrumental in helping hospitals expand access to lifesaving prescription drugs and comprehensive health care services in vulnerable communities across the country, including the Rochester area. We must protect the 340B program at all costs.

Travis Heider is president and CEO of Pandion Healthcare: Education and Advocacy, a not-for-profit 501(c) association whose membership comprises 17 hospitals and their related health systems in the nine counties Monroe, Livingston, Ontario, Wayne, Seneca, Yates, Allegany, Steuben and Chemung. The association works with the Healthcare Association of New York State (HANYNS) and the American Hospital Association (AHA), collaborating on many issues and activities.

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