340B: The Drug Discount Patients May Never See

“We need government oversight over the program to make sure that this money is going where Congress had intended, and then we also need to make sure that the funds are being used to benefit patients.” Lisa Bercu

[THEME MUSIC HITS]

A federal program gives hospitals and clinics that serve low-income and other vulnerable patients deep discounts on prescription drugs.

But who really benefits from these discounts — patients or hospitals?

And what happens when a patient is charged based on the full price of a drug that the hospital bought for far less?

This is Code WACK!, where we break down how our healthcare system really works, what it means for you and how we can make it better for everyone. **I’m Brenda Gazzar.**

[MUSIC OUT]

Today, we’re taking a closer look at the federal 340B Drug Pricing Program — and why consumer advocates say it needs reform.

Our main guest is **Sally Greenberg, CEO of the National Consumers League,** one of the nation’s oldest consumer and worker advocacy organizations.

GREENBERG: We are focused on making the marketplace and the workplace more fair and equitable for consumers and workers.

HOST: Critics of the 340B program argue that drug manufacturers bear the cost of the discounts while hospitals and other providers receive much of the financial benefit — and that those savings aren’t always passed directly on to patients. Hospitals counter that they use 340B savings to provide services and care for

vulnerable patients that might otherwise be unavailable. Here's what Greenberg says.

GREENBERG: There's a 340B program where they get massive discounts on drugs and pharmaceuticals that they're supposed to pass on to patients, and what we found is that many of them don't pass that on to patients.

HOST: We also spoke to NCL's senior director of health policy, Lisa Bercu. Bercu helped us understand how that can affect patients. She gave us an example involving cancer drugs.

BERCU: Let's say you have a hospital enrolled in the 340B program. A lot of oncology drugs are purchased through the 340B program.

So they purchase an infused oncology product from a drug manufacturer at a steeply discounted rate. The hospital then charges the insurance for the full price of that medicine, and so the hospital gets to keep that spread, that difference.

But what happens is the patient — so often for infused oncology products, a patient is paying a co-insurance. So they're paying, let's say, a 10% or a 20% co-insurance for that product.

They're not paying a co-insurance based on the discounted price that the hospital actually paid. Instead, they're paying that co-insurance based on the full price of the product, and so they are being subject to this really high medical bill that the hospital didn't itself have to pay.

HOST: And if patients can't afford that bill?

BERCU: Then you have hospitals that are aggressively going after patients for that medical debt.

So what we're talking about are things like garnishing their wages, placing liens on their homes. We've even seen situations where they are denying or deferring care to patients who have pre-existing medical debt.

So those are the things that we're talking about and the concerns that we have when it comes to the 340B program and its impact on patients.

[SHORT BEAT]

HOST: That brings us back to an issue we covered in the last Code WACK! episode: medical debt.

Greenberg says the two issues are connected.

Greenberg: We're trying really hard, Brenda, to tie together the going after patients for medical debt and also taking advantage of the 340B program, not sharing with patients debt alleviation, but instead suing them for unpaid medical debt.

HOST: Last time, Greenberg told us about a woman who worked as a security guard for $15 an hour and owed thousands of dollars to Johns Hopkins.

Greenberg: She learned that her bank account and paychecks were placed on a legal hold by a law firm that was representing Johns Hopkins, over $5,000 in unpaid medical bills.

She works as a security guard for $15 an hour, and she checked her account. She thought she had $152 in it.

So you can imagine, this is a person of very limited means, and she found out that the law firm had taken all of her money from the account.

She was never told about the access to charity care at the hospital.

Clearly, she is somebody at a $15-an-hour job with $152 in the bank [who] should have been processed when she came into the hospital and given access to charity care.

HOST: Greenberg says cases like this expose a broader problem with how patients are treated when they can't afford their bills.

GREENBERG: Of course, these hospitals should be paid for some of their services, but the system really has to change dramatically to make sure that they're using the insurance that people have, that they're affording people access to charity care when they walk in the door.

HOST: And having insurance doesn't necessarily protect you.

GREENBERG: You have insurance. You have an unexpected accident or injury, and need to go get medical services, and you think you're covered.

A lot of patients do. Well, guess what? Many of them are not, and/or they're underinsured, and so that's a huge problem.

HOST: So is it primarily an enforcement problem with 340B?

Greenberg says the law itself needs work.

GREENBERG: Well, I've read the law and it's very vague.

It doesn't say that — we know what the intention was, and we've got legislative language [that] says this is intended to go to patients.

But if you don't put that into law, big companies — hospitals are huge establishments.

If we don't tighten up the law, it's never going to happen.

And what you're going to see is that growth that we've seen over and over again. And they're not going to share that with patients. Nope, they're not going to.

HOST: Bercu agrees that the rules need to be clearer — and says one of the biggest missing pieces is transparency.

BERCU: The law, it is very vague. It was written back in the '90s.

I think there's a couple of things we need. One is there is absolutely no transparency requirements.

There are very little transparency requirements into how much money hospitals are making, where they are spending their money, so we really need some more transparency.

We need government oversight over the program to make sure that this money is going where Congress had intended, and then we also need to make sure that the funds are being used to benefit patients.

HOST: And Bercu wants specific protections for patients built into the program.

GREENBERG: This, from my perspective, includes financial assistance protections — so some of the things we talked about earlier in terms of making sure that hospitals, 340B hospitals, have financial assistance requirements and are using this money to benefit patients.

But we also need consumer protections, like prohibiting hospitals from aggressively going after patients for their medical debt.

So there's a lot that we need to do, but reform needs to be comprehensive and it needs to be at the federal level because this is a federal program.

[BEAT]

A proposal in Congress would require certain hospitals in the 340B program to provide discounts on prescription drugs directly to lower-income patients. The American Hospital Association argues that hospitals should instead have the

flexibility to use their 340B savings where they're needed most in their communities.

HOST: For Greenberg, 340B is part of a much bigger picture.

GREENBERG: Oh, I think everything has to change, but we're in the business of saying, connecting the dots, because it's all related.

So the hospital billing system and intake system has to change. The 340B system has to change. Transparency that Lisa talked about — we need to know how these hospitals are using the funds.

We've got to get federal law changed.

[THEME MUSIC BEGINS]

HOST: The National Consumers League supports a number of policy changes aimed at addressing problems with the 340B program, though its proposed 340B reforms do not currently include adopting a single-payer healthcare system. Meanwhile, a recently released UCLA study concluded that a universal, publicly funded single-payer system could promote greater equity in healthcare access while also saving money.

Sally Greenberg is CEO of the National Consumers League. Lisa Bercu is NCL's senior director of health policy.

That's it for this edition of Code WACK!

If you've enjoyed this Code Wack episode, subscribe, leave a review, and share it with a friend. This podcast was powered by Healed California, uplifting the voices of those fighting for healthcare reform around the country.

I'm Brenda Gazzar. Thanks for listening. And until next time, stay healthy.