IMS Finds 340B Drives Up Cancer Treatment Costs
Federal Safety Net Program for At-Risk Patients Undercut by Hospitals’ Business Decisions

WASHINGTON, D.C. (May 7, 2014) — The Alliance for Integrity and Reform of 340B (“AIR 340B”) called attention to the release of a new study, “Innovations in Cancer Care and Implications for Health Systems” by the IMS Institute for Healthcare Informatics, demonstrating that the 340B drug discount program is causing a rise in cancer patients’ treatment costs.

The new report shows that marketplace behavior, triggered by the lack of eligibility integrity, is a major reason for increasing costs of cancer care. According to the analysis, growing numbers of hospitals are acquiring independent, private oncology practices in order to maximize the amount of revenues they can receive from the drug discount program that was intended to help needy patients. The resulting consolidation of cancer treatment facilities into hospital settings, IMS finds, is “passing more costs onto payers and subsequently … patients ....”

Ted Okon, Executive Director of the Community Oncology Alliance, responded to the study's release, stating: “The IMS report confirms what numerous studies have found: costs increase for patients and insurers as cancer care shifts to hospitals. Cancer is a disease that exacts an emotional and financial toll on people, yet public policy is creating access problems and driving up costs by incentivizing care away from the most accessible, cost-effective setting.”

Okon urged federal policymakers to take steps to address this problem, noting, “the 340B program is a critical safety net for at-risk patients but it has to be modified to focus on people, not bottom lines.”

Specifically, the paper finds that “of ten routinely prescribed chemotherapies, the covered cost per dose increased by 189% in the hospital outpatient setting when compared to the oncologist’s office… For these commonly used oncology drugs, the average increased cost to the patient is $134 per dose received in the hospital as an outpatient when compared to the oncologist’s office.” The paper also highlights that “multiple therapies may be given per treatment cycle when both combination and chemotherapy support drugs are considered, leading to significant increases in member financial burden.” These findings clearly indicate serious financial and accessibility impacts on cancer patients.

The 340B program has greatly expanded since its inception in 1992, when it was created by Congress to support access to prescription medicines for vulnerable, uninsured patients. “Congress envisioned that 340B would be used by true safety net hospitals, but the eagerness of many hospitals to capture additional revenues – without necessarily passing on benefits to uninsured patients – has led to more than 2,000 hospitals taking part in 340B today,” said AIR 340B spokesperson Stephanie Silverman. According to the IMS study, the Affordable Care Act – designed to reduce the number of uninsured Americans – has had the unintended consequence of further expanding 340B program by making more hospitals eligible to participate in the program.

The Alliance for Integrity and Reform of 340B (AIR 340B) is a coalition of patient advocacy groups, clinical care providers, and biopharmaceutical innovators and distributors dedicated to reforming and strengthening the 340B program to ensure it directly supports access to outpatient prescription medicines for uninsured indigent patients.

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