



Community Oncology Alliance: CMS 340B & Site Neutral Proposal a Huge Step in the Right Direction

CMS Proposal a Huge Step in Right Direction to Curbing 340B Hospital Abuses, Stopping Cancer System Consolidation, Reducing Costs for Seniors

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We applaud HHS Secretary Price and CMS Administrator Verma for taking this bold step in curtailing hospital abuse of the 340B program and further addressing site payment parity.”

*Ted Okon, executive director
of COA*

The Community Oncology Alliance (COA) applauds the Centers for Medicare & Medicaid Services (CMS) for its proposals to address abuses of the 340B Drug Discount Program and move to parity payments for medical services, regardless of the site of care. These changes will result in significant cost savings for our nation’s seniors, Medicare, and taxpayers.

Since its inception 25 years ago, 340B has grown substantially, morphing into a profit-generating program for most hospitals that is drastically different from the noble, original program intended to help patients in need. An examination of program data [released by COA earlier this](#)

[year \(read it here\)](#) shows that most 340B hospitals make tremendous profits from the program; provide incredibly low levels of charity care; and are much more expensive for patients, Medicare, and taxpayers. Exacerbating an already bad situation with 340B, are the higher payments hospitals receive from Medicare for the identical services performed in physician-run community cancer clinics.

The tremendous arbitrage opportunities of buying deeply discounted 340B drugs and selling them to patients at full price, combined with the ability to bill services under a markedly higher payment rate schedule, has generated tremendous profits for hospitals. This has driven higher Medicare spending for the program and its beneficiaries, as well as fueled the acquisition or closure of independent oncology practices across the country. CMS has wisely moved to curb these excesses with new proposals in the Medicare outpatient hospital and physician fee schedules.

“Community oncology practices across the country will tell you that hospitals have been strong-arming them to sell or close because of the tremendous profits they make from the 340B program and higher billing rates,” said Jeff Vacirca, MD, president of COA and CEO of NY Cancer and Blood Specialists in Long Island, NY. “I can tell you firsthand that 340B hospitals have been abusing the program to take over the cancer care system in this country. This is not only costing patients a lot more money, it is also hurting their care.”

The shift of cancer care out of physician-run, community based oncology practices and into hospital-based or affiliated infusion suites costs the health care system a lot more money. In a [landmark 2016 study looking at cost drivers of cancer care \(read it here\)](#), the actuarial firm Milliman calculated that the shift of chemotherapy from community oncology practices to hospitals cost Medicare an extra \$2

billion in 2014 alone. As the Department of Health & Human Services Secretary, Tom Price, MD, noted in announcing the proposal, the changes have the potential to reduce drug costs for seniors by at least an estimated \$180 million per year.

“We applaud HHS Secretary Price and CMS Administrator Verma for taking this bold step in curtailing hospital abuse of the 340B program and further addressing site payment parity,” said Ted Okon, executive director of COA. “These proposals represent a good first step, but the Administration and Congress must take additional step to address the alarming consolidation of cancer care that is fueling drug prices and driving up costs for seniors and taxpayers.”

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