



AMERICA'S
ESSENTIAL
HOSPITALS

Telling Your Story

June 23, 2015

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THREE MAIN MESSAGES

- **SAVINGS** – 340B creates savings for everyone.



SAVINGS IN BOLD

340B Supports Access to Care, Taxpayer Savings

Covered entities are committed to caring for the vulnerable and use their 340B savings to stretch otherwise scarce resources. For patients, this means lifesaving medications at reduced or no cost, expanded access to community-based primary and specialty care, and help managing chronic conditions.

Most important, 340B supports all these benefits **while also reducing federal, state, and local health care spending.** In fact, the 340B program **saves** taxpayer dollars.

SAVINGS EVERYWHERE

community health centers, AIDS clinics, and others. The law explicitly makes covered entities the recipients of discounts and allows them to prescribe discounted drugs to **all** patients, including those with insurance.

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Better Care through 340B Savings

The 340B program provides much more than affordable medications: It supports better care and better health outcomes. For example, Hennepin

Savings from 340B allow our hospitals to direct more dollars toward health care resources in the community, to reach underserved patients where they live and keep them well and out of emergency departments. Program savings help balance the cost of comprehensive primary care networks and health homes for those in need, and allow essential hospitals to expand those programs regionally to reach low-income and other vulnerable patients far beyond the hospital walls.

Soaring Drug Prices Are Simply Unaffordable

Drug prices and pharmaceutical industry profits continue to escalate—even as drug makers complain about the 340B discounts they provide. Recent examples in the news include a promising new hepatitis C drug at a cost of more than \$1,100 per pill, and a top cancer drug regimen that costs more than \$100,000 a year. These costs are unsustainable for patients, hospitals, and taxpayers—and underscore the urgent need for a robust 340B program.

(over)

SAVINGS THROUGH PATIENT STORY

Hennepin County Medical Center Patient Story

- USE #1 – 340B savings led to better care management, better patient health, and thus – even more savings in patient care.



THREE MAIN MESSAGES

- **SAVINGS** – 340B creates savings for everyone.
- **CONSTITUENTS** – 340B matters to voters.



TAXPAYERS THROUGHOUT

340B Benefits Vulnerable Patients, Essential Hospitals, and Taxpayers

About the 340B Drug Pricing Program

In 1992, bipartisan congressional action created the 340B Drug Pricing Program to lower drug costs for hospitals that care for a disproportionate share of low-income patients. Under the program, pharmaceutical manufacturers agree to extend discounts to eligible providers on outpatient drugs as a condition of participating in the large Medicaid and Medicare Part B markets. These providers, known as covered entities, include essential hospitals, community health centers, AIDS clinics, and others. The law explicitly makes covered entities the recipients of discounts and allows them to prescribe discounted drugs to all patients, including those with insurance.

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Better Care through 340B Savings

County Medical Center, in Minneapolis, admitted a homeless, uninsured man nine times over four months at a cost of \$225,000, or more than \$56,000 a month in services. Pharmacists in a hospital medication therapy management program made possible by 340B discounted drugs and related savings taught the man how and when to take his medications. After regular clinic visits and improved care management, his medical expenses dropped to just \$36,000—\$4,000 a month—within just nine months.

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THE PEOPLE YOU REPRESENT

A Choice for the People You Represent

In the end, lawmakers face a simple choice: Give drug companies an incremental increase in profits or support the providers that ensure the physical and economic health of the people and communities you represent—and reduce costs for federal and state governments. Essential hospitals and health systems cannot absorb higher uncompensated care costs, especially in the face of staggering drug costs. Most already operate at a loss—even with the savings they achieve through the 340B program.

TAXPAYERS SAVE OR TAXPAYERS PAY

Sorting Fact from Fiction

At its core, the 340B program is simple to understand: Pharmaceutical manufacturers discount the drugs they sell to providers that care for the poor. Those providers use the savings to provide lifesaving medications and other services to vulnerable people. And taxpayers save money they otherwise would spend to support indigent care.

Claims that the 340B program increases federal spending are not only false, but, in fact, the exact opposite of the truth: The 340B program achieves savings for federal, state, and local governments. Changes that restrict it will cost the government and, in turn, taxpayers.

THREE MAIN MESSAGES

- **SAVINGS** – 340B creates savings for everyone.
- **CONSTITUENTS** – 340B matters to voters.
- **PHARMA** – It's us versus them on 340B.



DATA HIGHLIGHT PHARMA PROFITS

High Cost of Drug Regimen Data

- USE #1 – Pushing back on the pharmaceutical industry, highlighting profits



PROFITS VS. SAVINGS

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Cutting or scaling back the 340B program will simply put money back in the coffers of highly profitable drug companies at the expense of essential hospitals' ability to serve millions of disadvantaged Americans. Federal and state governments will face higher costs for Medicaid beneficiaries and will either have to find another way to fund access to essential services for disadvantaged patients or cut services—and suffer the expensive economic consequences of poor health in their communities.

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Dr. Bruce Siegel is president and CEO of America's Essential Hospitals, which represents more than 250 hospitals and health systems nationwide.

Keep 340B savings where they belong—with patients and communities

By Dr. Bruce Siegel | February 28, 2015

Few government programs produce as much good for so many people with as little cost to taxpayers as the 340B drug pricing program.

The concept is simple: Pharmaceutical manufacturers sell outpatient drugs at a discount to hospitals and other providers that serve large numbers of low-income patients. Hospitals use the money they save on drug purchases to support not only affordable medications for indigent patients, but also to provide a broad variety of services to the vulnerable: community-based primary care, cancer clinics and chronic disease management, for example. Savings from 340B free up resources for vulnerable patients that a hospital might otherwise spend to buy medications.

w.modernhealthcare.com

IN CLOSING

The 340B discounts take on particular importance when you consider the escalating cost of drugs: Recent examples include a promising new hepatitis C drug for more than \$1,100 a pill and a top cancer drug regimen that costs more than \$100,000 a year. These are unsustainable costs, not only for low-income patients and the essential hospitals on which they depend, but for local, state and federal governments, and all taxpayers.

In the end, we face a choice: side with communities by keeping 340B discounts where they belong—with patients and safety net hospitals—or chip away at support of care for the vulnerable and put everyone at risk. Returning an incremental profit to drugmakers or using 340B savings for other purposes equates to more hospital cuts—and higher costs, poorer health and lowered productivity in communities across the country.

DATA HIGHLIGHT COST OF DRUGS WITHOUT 340B

High Cost of Drug Regimen Data

- USE #1 – Pushing back on the pharmaceutical industry, highlighting profits
- USE #2 – Showing how costly drugs would be for all of us without 340B



340B TESTIMONY



A LAW-ABIDING PROGRAM

- America's Essential Hospitals and our members support integrity and transparency in federal health care programs. We welcome efforts to ensure the 340B program **operates as Congress intended...**
- At its most basic level, the 340B program requires pharmaceutical manufacturers to provide outpatient drugs at a discount to hospitals and other providers that care for a disproportionate share of low-income and other vulnerable patients. Hospitals use their 340B savings in many ways, **as the law plainly allows...**



NOT A FINANCIAL BURDEN

- The ability of the 340B program to accomplish **so much for so little public investment** makes it imperative we protect this program....
- The story is the same across the nation: affordable drugs to help patients avoid more costly conditions and treatments—**and all possible for only a nominal administrative cost and no direct federal funding.**



PATIENT STORY SHOWS 340B WORKS

Hennepin County Medical Center Patient Story

- USE #1 – 340B savings led to better care management, better patient health, and thus – huge savings in patient care
- USE #2 – 340B works as it was intended, lower costs and better health outcomes



DATA SAY PROTECT 340B

High Cost of Drug Regimen Data

- USE #1 – Pushing back on the pharmaceutical industry, highlighting profits
- USE #2 – Showing how costly drugs would be for all of us without 340B
- USE #3 – Unaffordable drugs indicate need to protect 340B



340B MOTIVATION, INSPIRATION



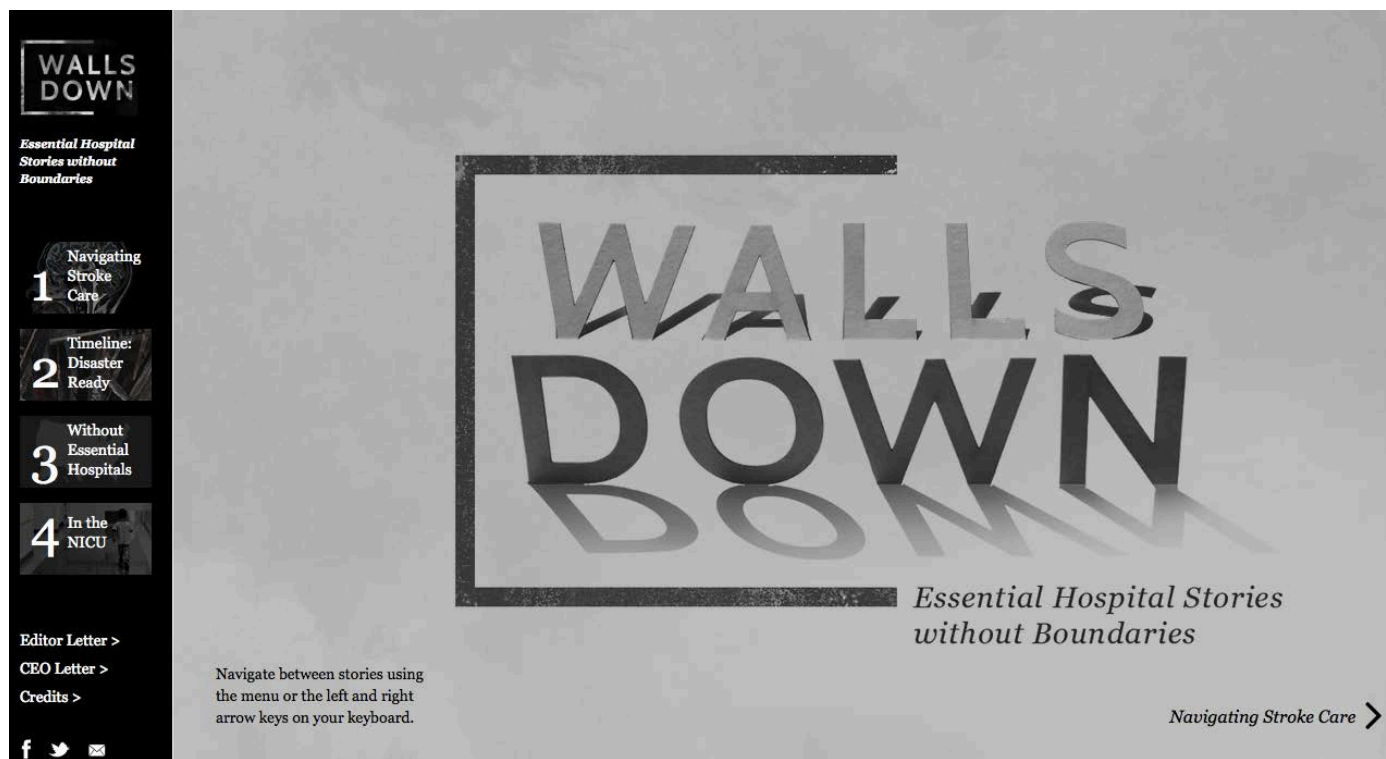
PATIENT STORY IS EFFECTIVE ADVOCACY

Hennepin County Medical Center Patient Story

- USE #1 – 340B savings led to better care management, better patient health, and thus – huge savings in patient care.
- USE #2 – 340B works as it was intended, lower costs and better health outcomes
- USE #3 – Encouraging storytelling during Hill visits, example of its effectiveness



340B AS PART OF A LARGER PICTURE



PATIENT STORY RE-IMAGINED

Hennepin County Medical Center Patient Story

- USE #1 – 340B savings led to better care management, better patient health, and thus – huge savings in patient care.
- USE #2 – 340B works as it was intended, lower costs and better health outcomes
- USE #3 – Encouraging storytelling during Hill visits, example of its effectiveness
- USE #4 - ???



WORDS RESONATE

| USE THIS.... | ...NOT THAT (most of the time) |
|---------------------------|--------------------------------|
| 340B Drug Pricing Program | 340B Drug Discount Program |
| 340B savings | 340B funding (or revenue) |
| Affordable Care Act | Obamacare |
| essential hospitals | safety net hospitals |
| funding support | financing |
| vulnerable people | poor patients |
| operating margin | profit |
| sustainable funding | higher payments |
| (Medicaid is a) lifeline | safety net |
| teaching mission | physician training |



MAKING YOUR CASE WITH DATA



DATA: USE IT SPARINGLY

- 1 - 3 most compelling data points
- Resist the urge to data dump
- Use terms they understand
- Complement key messages
- Make it visually interesting



DATA: CONSIDER YOUR AUDIENCE

“DSH cuts could mean the loss of 300 jobs and \$42 million in economic activity.”

“DSH cuts could mean the closure of eight clinics in the city’s poorest neighborhoods.”



ESSENTIAL HOSPITALS, VITAL DATA

Essential Hospitals

VITAL DATA

*Results of America's Essential Hospitals Annual Hospital
Characteristics Report, FY 2013*



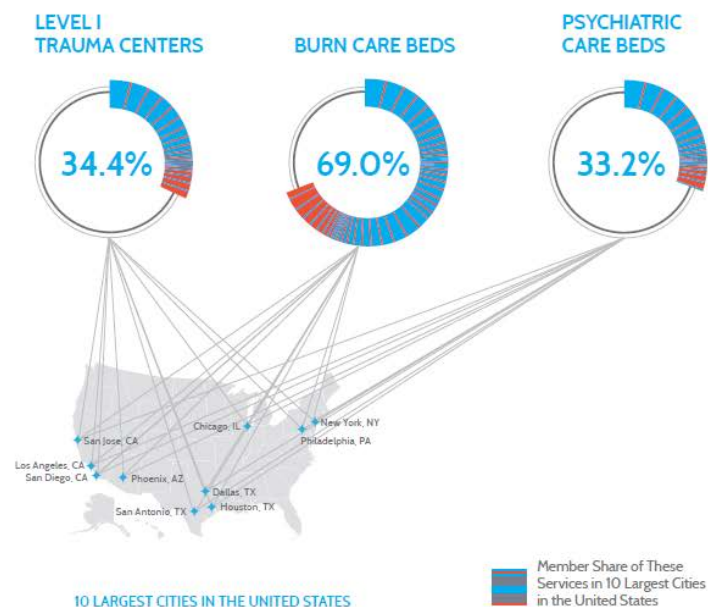
CRITICAL SERVICES

FIGURE 3

Share of Critical and Specialty Services in the 10 Largest Cities in the United States

Members of America's Essential Hospitals, FY 2013

The 10 largest cities in the United States are home to more than 25 million people. Within these cities, our member hospitals provide roughly one-third of level I trauma and psychiatric services and two-thirds of burn care services.



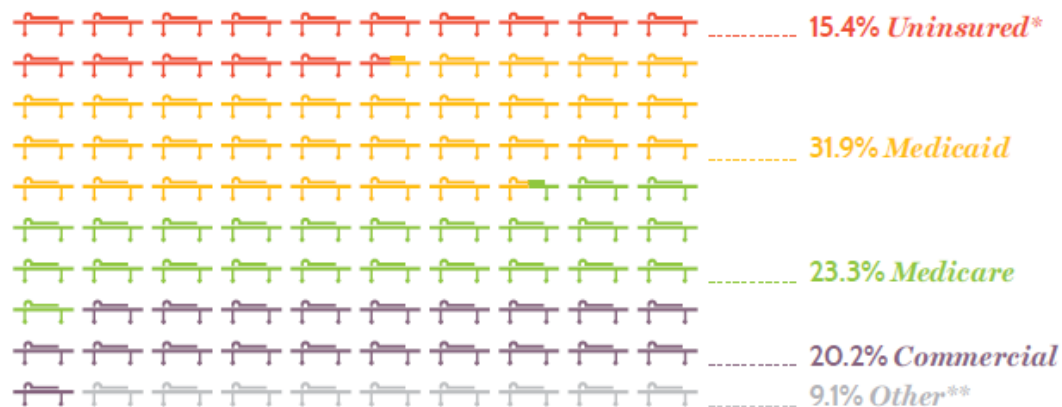
PATIENT DEMOGRAPHICS

FIGURE 5

Inpatient and Outpatient Utilization by Payer Mix

Members of America's Essential Hospitals, FY 2013

INPATIENT



UNCOMPENSATED CARE

FIGURE 6

Share of National Uncompensated Care

Members of America's Essential Hospitals, FY 2013

Members of America's Essential Hospitals provided more than

\$7.8 BILLION IN
UNCOMPENSATED
CARE



16.8% OF ALL
UNCOMPENSATED
CARE NATIONWIDE

This is enough money to

Source: America's Essential Hospitals. Annual Hospital Characteristics Survey, 2013; American Hospital Association. Uncompensated Hospital Care Cost Fact Sheet, 2015 Update. <http://www.aha.org/content/15/uncompensatedcarefactsheet.pdf>. Accessed January 22, 2015.

develop more than
23 LIFE-SAVING
VACCINES



= 1 Vaccine

deliver
798,500 BABIES IN THE
UNITED STATES



= 10,000 babies

provide health care to
843,000 MEN, WOMEN, AND CHILDREN
IN THE UNITED STATES



OR THE ENTIRE STATE OF SOUTH DAKOTA



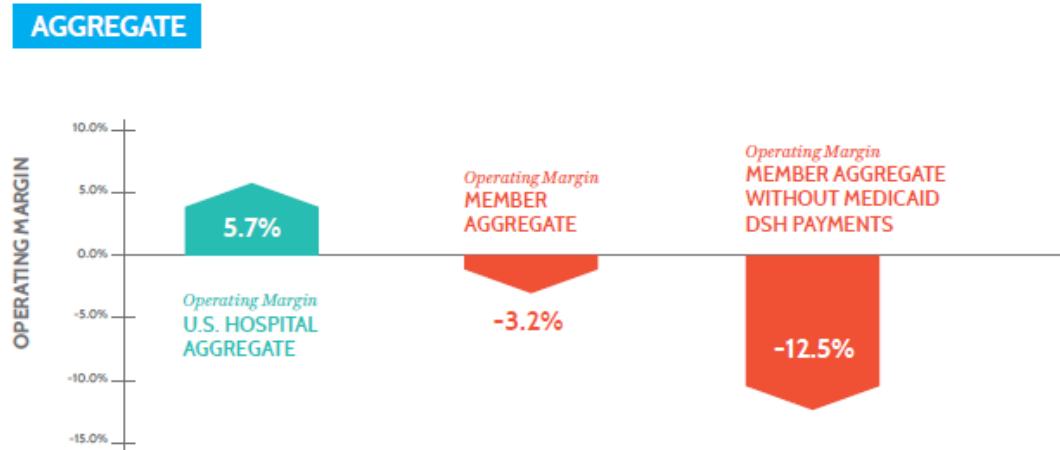
= 10,000 people

HOSPITAL FINANCES

FIGURE 7

National Operating Margins

Members of America's Essential Hospitals Versus All Hospitals Nationwide, FY 2013



REQUESTING CUSTOM DATA

Additional data points available from association:

- Summary statistics
- Peer group analyses
- Quality benchmarking

Other data sources include:

- AHA Annual Survey of Hospitals
- Hospital Compare quality data
- Healthcare Cost and Utilization Project (HCUP) data
- CMS Cost Reports
- CDC data sources – BRFSS, NHANES, NHSN
- National Trauma Data Bank



MORE CUSTOM DATA RESOURCES

MEDICARE FUNDING CUTS TARGET ABC HEALTH SYSTEM



Like all essential hospitals, ABC Health System commits to caring for vulnerable people. Essential hospitals also train the health care workforce; provide comprehensive, coordinated care and specialized, lifesaving services; and advance public health. Patients at essential hospitals generally are sicker and more complex than those at other hospitals, and roughly half are racial or ethnic minorities.

Essential hospitals have evolved to meet the demands of the Affordable Care Act (ACA), an aging population, and other challenges. But ongoing and new funding cuts threaten the gains they have made in quality, cost, and access to care.

ABC Health System alone faces more than \$1.5 million in near-term funding cuts, which jeopardize care to its patients and community.

Essential hospitals face outright reductions in uncompensated care and Medicare outpatient payments, and losses

ABC HEALTH SYSTEM FACES UP TO \$1.5 MILLION OF CUTS IN 2015.

MEDICARE DSH REDUCTIONS

Medicare disproportionate share hospital (DSH) payments support hospitals that serve large volumes of low-income patients. The ACA cuts DSH payments sharply, assuming a counterbalancing rise in insured patients. But coverage expansion has not occurred as expected in many states.


\$130,000
THE AMOUNT OF MEDICARE DSH ABC HEALTH SYSTEM WILL LOSE IN FY 2015.

PERFORMANCE IMPROVEMENT PENALTIES

Quality incentive program penalties under the ACA disproportionately and unfairly target essential hospitals, including ABC Health System.

| PROGRAM | METRIC | COST TO ABC HEALTH SYSTEM | YEAR |
|------------------------|---|---------------------------|---------|
| Value-Based Purchasing | Quality measures and patient satisfaction | \$49,000 | FY 2015 |

MORE CUSTOM DATA RESOURCES



AMERICA'S ESSENTIAL HOSPITALS

Protect Access to Essential Hospitals

The Outlook in Any County, Ill.

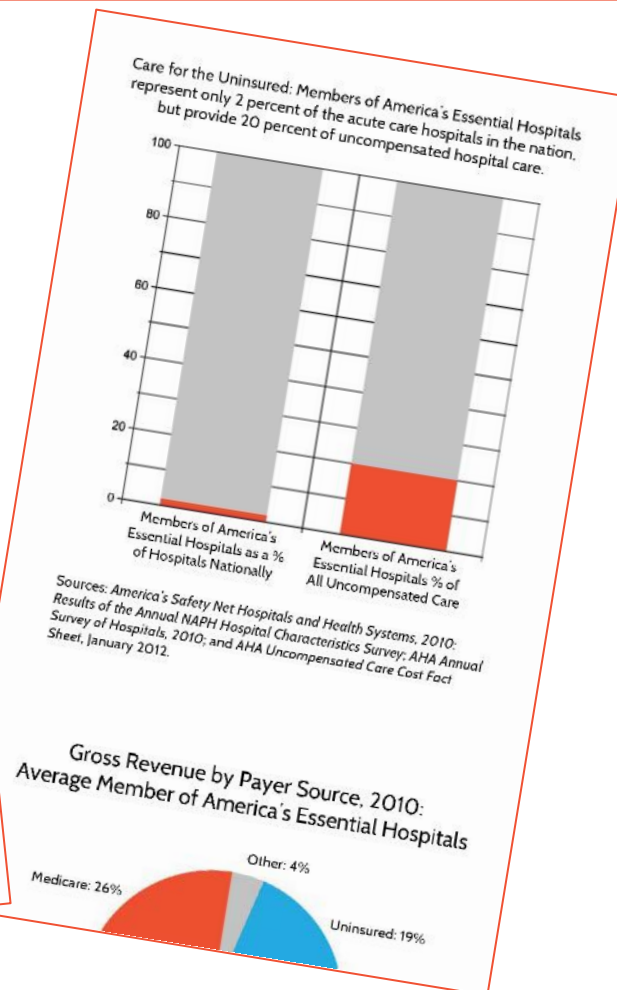
With the Affordable Care Act's coverage expansion set to begin soon, America's Essential Hospitals is concerned about these significant barriers to access for our patients:

1. steep reductions in Medicaid disproportionate share hospital (DSH) funding
2. exclusion of essential hospitals from health plans offered through the state marketplaces (exchanges)
3. potentially damaging cuts to provider assessments, evaluation and management payments, and other key sources of support for essential hospitals

Health care access is critical for vulnerable patients in Any County, which has these characteristics:

- 12 percent of the population is elderly and 43.8 percent belongs to a racial minority group
- 8.4 percent of the population is unemployed
- 17.2 percent of the population is uninsured
- 30.4 percent of the population relies on government-funded health care programs, such as Medicaid

On October 1, Medicaid DSH cuts and marketplace open



SPEAKING WITH ONE VOICE



TALKING POINTS

- The uninsured and uncompensated care
- 340B Drug Pricing Program
- Sociodemographic risk adjustment
- Hospital ratings and pay for performance
- CEO salaries
- The charge master and service pricing



MEDIA SUPPORT

“There’s a mission and a sense of reward that is really unique to these institutions,” Siegel said of public hospitals. “Brian Brannman was very well received. He was seen making a difference there. I think that bodes very well for them.”

—Las Vegas Sun

But to the Health and Hospitals Corporation, the city’s public hospital agency, it is not merely another insurance plan. The corporation created MetroPlus ... The Henry Ford Health System in Detroit, which has roots in organized labor and the auto industry, has signed up about 4,000 people in its exchange plans ... The University of Arizona Health Plans have attracted ...

—The New York Times

We are definitely seeing an impact, but it's a small number compared to the overall population, said Mark Newton, the chief executive of Swedish Covenant Hospital in Chicago.

—The Wall Street Journal



OTHER RESOURCES

- Social media (@OurHospitals)
- essentialhospitals.org
- Essential Insights blog
- *Walls Down* (wallsdownmag.org)
- Member stories



THANK YOU

