



## Public Hospital Pharmacy Coalition

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(A Coalition of the National Association of Public Hospitals and Health Systems)

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### **Hospitals Struggle To Access Key Blood Products at Affordable Prices** *Survey of Safety Net Hospitals Shows Disparity Between Availability of IVIG Product and Availability at 340B Pricing*

Washington, D.C. – Hospitals serving large volumes of indigent and uninsured patients continue to have difficulty in accessing critical blood products used to treat patients with immune deficiency diseases, but have experienced even greater problems in obtaining the drugs at prices the hospitals are legally entitled to under a federal drug discount program, according to a new study. Intravenous immunoglobulin (IVIG), a treatment called “an immune system in a bag,” is used to treat a host of immune system disorders. Under the federal “340B program,” drug companies are required to provide discounts on outpatient pharmaceuticals for hospitals that provide high volumes of care to low-income patients. The survey results suggest that while there may be a supply shortage of IVIG products, the challenge of accessing IVIG at discounted prices is significantly more persistent and widespread than the difficulty in finding adequate supplies.

While almost 50% of survey respondents reported being unable to obtain sufficient IVIG to fulfill the needs of their patients at any price, a much larger percentage – almost 80% - reported inability to purchase any IVIG at 340B prices. It is clear, in short, that manufacturers are not offering legally obligatory 340B discounts on IVIG to qualified hospitals, even when product is available. “Whether or not there is an actual shortage of product on the IVIG market, the situation does not excuse the industry’s failure to provide 340B pricing on IVIG that is readily available. Pointing to supply limitations as the reason 340B entities are forced to pay above 340B prices just doesn’t wash,” says PHPC Executive Director Ted Slafsky.

The executive summary is attached to this release. A copy of PHPC’s full report can be found at [www.phpcrx.org](http://www.phpcrx.org).





# PHPC

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### EXECUTIVE SUMMARY

#### **I. Introduction**

Access to adequate supplies of intravenous immunoglobulin (“IVIG” or alternatively “IGIV”) has been a problem for members of the Public Hospital Pharmacy Coalition (“PHPC”) for more than a decade. Access to IVIG at discounts required under the 340B drug discount program has been even more problematic. Member concerns have intensified over the past year, prompting PHPC to survey its members in an effort to measure the problem, identify the causes, and participate in a broader national dialogue about how to address these complex issues. This report represents a preliminary effort on PHPC’s part to achieve these goals.

PHPC conducted its IVIG survey in February and March of 2006. In addition to disseminating a written questionnaire to its 350 members, it interviewed selected representatives of the drug industry, wholesalers, specialty distributors, and the federal government. PHPC also followed up, as needed, with survey respondents to clarify or supplement their written answers. This report discusses and analyzes the information gathered by PHPC through these procedures, but does not purport to draw firm conclusions regarding the controversial questions of whether there is an actual shortage of IVIG product or who bears primary responsibility for the difficulties patients and health care providers are generally experiencing in obtaining IVIG on today’s market. It does identify and discuss various factors and influences that may play a role in shaping current marketplace realities pertinent to IVIG supply and distribution, and that serve as a backdrop to the special problems encountered by 340B entities in that context.

#### **II. Survey Results**

PHPC hospitals report substantial difficulties in obtaining sufficient quantities of IVIG to treat their patients, although most have been able to obtain supplies of the product from wholesalers or other distributors and a slight majority of survey respondents reported being able to purchase adequate supply. Obstacles and problems in accessing IVIG products at 340B prices, however, are significantly more persistent and widespread than difficulties in finding supply, and strongly suggest that the frequent unavailability to covered entities of 340B pricing on IVIG products is not attributable to or directly associated with market supply limitations. Key findings include the following:

- Only a little over half (50.66 %) of responding hospitals have been able to obtain enough IVIG product to fulfill their patients’ needs.



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- A majority of responding hospitals (68.22 %) have been able to obtain at least some amount of IVIG product through drug wholesalers or other drug distributors.
- A substantially smaller percentage of 340B hospitals, only 21.42 % or a little over one-fifth of responding PHPC members, have been able to obtain any amount of IVIG at 340B discount prices. Even those hospitals able to access some 340B pricing on IVIG generally have had to purchase additional product at above-ceiling prices in order to adequately fulfill their patients' needs.
- Although, in oral communications with 340B providers, manufacturers and distributors commonly attribute the unavailability of 340B pricing on IVIG product to a “shortage” of supply, manufacturers and distributors have been unwilling to furnish any explanations in writing for the lack of 340B prices.

### III. Conclusions

The survey results confirmed that 340B hospitals, like many other providers, are having great difficulty in obtaining enough IVIG product to care for their patients. The fact that obtaining IVIG at any price can be difficult and that constricted supply of the product could be a major factor in procurement problems, however, does not adequately explain the severely limited availability of 340B prices on IVIG drugs reported by our members. Although PHPC's survey indicated that only about one-fifth of its member hospitals have been able to procure any IVIG at 340B prices, a much higher percentage of survey respondents – indeed slightly over 50% -- have been able to purchase enough IVIG to fulfill patient care needs, and almost 70% have been able to obtain at least some amount of IVIG from a wholesaler or other drug distributor. In other words, the incidence of unavailability of IVIG product at 340B pricing levels does not correspond with unavailability of product supply, and frequently IVIG is available for purchase, but just not at discounted, 340B prices.

This suggests that the ostensible product “shortage” often cited by manufacturer representatives and distributors to explain above-ceiling pricing, is in fact not the actual reason 340B prices are usually unavailable. In a significant percentage of situations, it is only the discounted 340B price, and not the product itself, that is inaccessible. Accordingly, it appears likely that something beyond limited supply of IVIG is at the root of the pricing problem currently encountered by 340B hospitals, and that the ostensible “shortage” of IVIG and the currently pervasive failure of manufacturers and distributors to offer 340B pricing on these products may spring from a distinct set of underlying causes.