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Drug Wholesalers Scapegoated?

With pharmaceuticals shortages growing, the nation's independent drug wholesalers say they have been unfairly charged with profiteering. Small and midsize drug distributors are charged with serving as a gray market for sought-after drugs, with allegations that they are hoarding some drugs and pumping up their prices by as much as thousands of times their usual cost to desperate hospitals. The allegations are untrue, said the National Council of Pharmaceutical Distributors, a trade group. “Some of our members are doing business in short-supply drugs as a matter of course in meeting their customers' needs,” said Karen Moody, the NCPD's president. “But we resent being pigeonholed as a gray market, or that we're engaged in price-gouging.” Ms. Moody also cited an American Hospital Association study that found most of its own members were purchasing excess inventory of drugs whose costs had increased, a practice she said "is itself a cause of higher costs and hoarding-related shortages." The group also challenged published estimates of markups on the hard-to-get drugs, saying the study that produced them was flawed; actual markups ranged from 29% to 729%.

EHR Practice for CUMC Docs

New York-Presbyterian and the medical faculty at Columbia University Medical Center have launched an electronic health records system. It currently contains about 3 million patient records, a figure that should rise to 4 million by the end of 2012, said Mark McDougle, CUMC's chief operating officer. The faculty practice, ColumbiaDoctors, is one of the largest in the nation. About 1,000 physicians and their staff are now on the system, which uses Allscripts Enterprise EHR software. The initiative was privately funded, he said. The network is part of a regional health information exchange. Billing systems are separate but compatible.

ACO Report Defines Issues

With value-based care being a major part of accountable care organizations, providers must step up their collaborations with insurers. That means resolving certain critical issues, according to a report from the Taconic Health Information Network and Community, "Building ACOs and Outcome-Based Contracting in the Commercial Market: Provider and Payer Perspectives." Those issues include hospitals' concerns that health plans will force them to assume "unmanageable and dangerous amounts of risk." One solution is to delegate care management protocols to providers, said the report, which is especially important for costly cases such as those involving medically complex patients. The study also suggests that providers and health plans tackle another thorny issue—what criteria to use to judge quality and cost of care—by relying on existing CMS value-based payment models. The report is at http://0101.nccdn.net.

NY docs lobby for plans to disclose basis for fees

The Medical Society of the State of New York couldn't be happier with the quality of data on "usual and customary" medical fees now available at www.fairhealthconsumer.org. But the group sees problems ahead, as health plans abandon the usual and customary rate structure.

Compiling accurate data was meant to ensure that patients did not have to pay high fees for out-of-network care, and that out-of-network doctors would be fairly compensated. Health plans were supposed to fulfill their contractual obligations to pay a set percentage of UCR fees, instead of lowballing their estimates on those fees.

But there is an alarming new trend, said Andrew Kleinman, a Westchester plastic surgeon and treasurer of MSSNY. In some policies, plans are ignoring the Fair Health data and not using any UCR fees. "They are abandoning the use of UCR data and substituting Medicare fees,” he said. “That's barely insurance at all because Medicare pays terribly.”

Dr. Kleinman was among those who persuaded then-Attorney General Andrew Cuomo to file suit to get the plans to use accurate fee data. Now MSSNY is lobbying to get the state Department of Insurance to tell health plans to at least disclose whether they use UCR or Medicare data.

The price difference is large. Dr. Kleinman cited, as an example, the out-of-network fees for carpal tunnel surgery. "The plans typically pay around $5,500, and Medicare only pays $400," he said.

"The Fair Health data is accurate,” he added. “They did an incredible job putting it together. But what good will it do if the plans don't use it?"

At A Glance

40 UNDER 40: Do you know of someone who is under 40 and a rising star in health care at a New York City-based entity? Nominations are open for the 2012 *Crain's* 40 Under 40s. Information about the nominating process is online at http://mycrains.crainsnewyork.com.