



Debate over Rising Healthcare Costs



Drug costs are often blamed for spikes in healthcare costs, but drugmakers are quick to point out that drugs account for about 10 percent of U.S. healthcare spending. For some experts, hospitals are the real culprits.

Supporting the drugmakers' position is a recent report from the Altarum Institute. In 2016, the United States spent \$3.4 trillion on healthcare, including \$1.1 trillion in hospital costs, \$683 billion in physician and clinical expenditures and \$348 billion on prescription drugs, the report says.

Hospital costs are generally higher than drug costs, said Kirsten Axelsen, vice president of worldwide policy for Pfizer. However, it's easier for patients to have a negative view of big pharma because patients have more exposure to drug prices compared to hospital fees because of the way insurance plans are designed, Axelsen explained.

Also, lawmakers eager to cast blame may be finding it politically expedient to point to big bad pharma. After all, says David Dreier, a former congressional rep, in a recent op-ed piece for The Hill, every member of Congress has a hospital in his or her district but only a few have a drug manufacturer. For Dreier, efforts to control costs should focus on hospitals.

But Tom Nickels, the EVP of government relations and public policy for the American Hospital Association, said the argument is "laughable"

"Just because you are a bigger part of something doesn't mean that you should be the focus in terms of cost reductions," he said. It's more important to look at where costs are going up the fastest, Nickels said, adding that some drug companies have implemented "predatory pricing" practices.

“On a bipartisan basis, from Donald Trump to Elijah Cummings, many public officials have pointed out, and we would agree with them, that rising drug costs are a huge problem,” Nickels said.

Source: [Fierce Healthcare](#)

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Published on : Tue, 11 Apr 2017