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Meningitis outbreak: Lawmakers question drug purchasing groups

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U.S. Rep. Ed Markey speaks outside the New England Compounding Center in Framingham, Mass.

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The U.S. General Accountability Office has been asked to investigate whether a nationwide outbreak of fungal meningitis was triggered, at least in part, by the contracting efforts of health care purchasing alliances including Brentwood-based HealthTrust Purchasing Group.

The probe request follows a series of House and Senate hearings into the cause of the meningitis outbreak, which has sickened at least 492 patients and killed 34, including 13 in Tennessee.

The request was signed by six House members including U.S. Rep. Edward J. Markey, the Massachusetts Democrat whose district is

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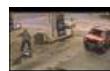
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home to the New England Compounding Center, the company blamed for the meningitis outbreak by state and federal regulators.

In the letter, the House members question whether the contracting efforts of the group purchasing organizations led large generic drug manufacturers to stop producing certain products, thus forcing hospitals to rely on drug compounding firms such as New England Compounding.

HealthTrust, which is partially owned by the Nashville-based HCA hospital chain, referred requests for comment to the trade association representing hospital group purchasing organizations.

Desta Abraham, spokeswoman for The Healthcare Supply Chain Association, labeled the allegations "misguided and irresponsible" and said the outbreak was the result of "poor safety and quality conditions at NECC, period."

In fact, she added, group purchasing organizations have been taking "a variety of creative and innovative steps to reduce drug shortages."

HealthTrust, which claims 1,400 acute care hospitals among its members, negotiates group contracts with suppliers of drugs and other health care goods. One such contract was with Ameridose, another drug compounding company with the same owners as New England Compounding.

A prior report from the GAO listed HealthTrust as the fourth-largest hospital group purchasing organization in the country, with annual sales of \$19 billion.

"We need to look carefully at all factors that might be contributing to the increasing use of compounded drugs by hospitals and other health care providers," said U.S. Rep Henry Waxman, D-Calif., one of the six making the request for a GAO investigation.

Abraham, the association spokeswoman, however, said hospitals' participation in the group contracts is voluntary and the contracts are "a product of competitive market negotiations between sophisticated parties."

Dr. Joel Zivot, an anesthesiologist at Emory University Hospital, said the group purchasing organizations have used their marketing power to force the major generic drug makers to stop producing needed drugs and, in turn, created an overreliance on drug compounders.

"Compounders play an important role," he said, "but they are being asked to extend beyond what they have normally done."

The result, he said, is increased risk of problems such as the current outbreak and hospitals not necessarily getting the best price.

Dr. Curtis Baysinger, a Vanderbilt University anesthesiologist, said, "The issue with the group purchasing organizations is the way they are paid."



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Medical suppliers are generally required to pay a fee to the group to have access to the member hospitals, and that creates a disincentive and leads to shortages, he said.

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