

# Hospitals can't charge margin on stents: Govt

## 'Clean-Up Of Medical System Has Begun'

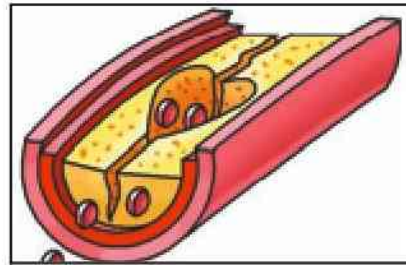
Rupali Mukherjee & Malathy Iyer | TNN

**Mumbai:** Four days after capping the price of cardiac stents, much to the chagrin of manufacturers and distributors, the government on Saturday turned its attention to the role of hospitals in inflating angioplasty bills. Leaving no room for confusion, the government said hospitals can't charge any margin from manufacturers and retailers for stents.

National Pharmaceutical Pricing Authority (NPPA) sources told **TOI** that no margin was envisaged for hospitals in pricing of stents as hospitals are not retailers of the particular product. "They need to earn income from (cardiac) procedures and compete with other hospitals on cost and quality of procedure, not medical devices used in the particular procedure," said the sources.

Incidentally, many hospital chains had begun reworking their 'angioplasty packages' after prices of drug-eluting stents were capped at Rs 29,600 plus taxes. A circular sent by one of the biggest hospital chains to its doctors states the cost of a simple angioplasty was reworked to Rs 1.75 lakh. The hospital previously charge Rs 1.35 lakh for this package.

Another mega chain of hospitals has sent a circular stating its



**NPPA sources said no margin was envisaged for stent prices as hospitals are not retailers of products**

central purchase unit has only cleared three second-generation stents for use of its paying patients. Another chain of hospitals has cleared only four mid-range stents for its "cash/walk-in/TPA" patients and three India-made stents for government panel patients. **TOI** has copies of these documents which prove that hospitals, instead of offering a cafeteria approach to patients, has pre-decided which stents would be stocked and implanted in patients.

In fact, the 'disappearance' of cardiac stents from hospitals and companies' reluctance to relabel them with revised MRPs had much to do with margins, as there was no clarity on mark-ups for hospitals and distributors. Margins are at the centre of the controversy over stents, which are marked up almost 900% from their landing cost; a bulk of this inflated fee would allegedly be pocketed by hospitals.

On Saturday, the government made it clear that hospitals are "zero margin" entities. "Since the hospital is not the retailer of stents and has not taken a licence for retailing the medical device, they can't demand any margin," the sources said.

NPPA chairman Bhupendra Singh told **TOI**: "The NPPA has not considered hospitals as retailers while arriving at the price caps for stents." The Association of Indian Medical Device Indust-

ry's coordinator Rajiv Nath, who was present at the NPPA meeting on Saturday afternoon, said, "This is the beginning of the clean-up of the healthcare system. After some time you may find many stents being sold for even less than the capped MRP." He added the NPPA would ask the Union health ministry to approach hospitals in this regard.

However, a hospital administrator criticised the NPPA's latest statement as 'illogical'. "How can the government ask hospitals to fix their cost price? It can ask public hospitals to fix their cost price for stents, not private ones." Moreover, he said the NPPA hadn't looked into practical problems of storing stents. "There are over 25 reputed manufacturers. Can every hospital stock enough stents of all these companies so that the patient has the widest choice possible?" he asked. It has long been the practice for hospitals to stock stents of various sizes of about three or four companies. "Hospitals don't have space for more. Moreover, for every 40 stents they store, one gets used," said the administrator.

A senior doctor said while an informed patient is good, patients can't make decisions about which stent would be best for them. "Such decisions should be taken by a medical expert. The patient will only want what is the latest, not realising it may not be ideal for his/her blockage," said the doctor.