

# Hospital-Based Marketing of Infant Formula

## Benefits for hospitals for not distributing commercial discharge bags

- Allows hospitals to deliver quality health care rather than being used by pharmaceutical manufacturers as a conduit for marketing infant formula to vulnerable and susceptible patients
- Retains dignity and respect for physicians and nurses. An old Ross Employee Manual states that..."A nurse who supports Ross is like another salesman."
- Promotes the ethical practice of medicine and nursing without commercial conflicts of interest
- Keeps hospitals within safe parameters of corporate compliance. As with pharmaceuticals, infant formula is marketed to and through health care professionals, mothers often purchase infant formula based on health provider recommendations, and infant formula is paid for by federally funded programs such as Medicaid and WIC. Therefore, there are a number of laws, regulations, and guidelines that may be violated when discharge bags are distributed. These include the Federal anti-kickback statute and the OIG Compliance Program Guidance. HIPAA defines discharge bag distribution as "marketing." Many hospitals would rather market health and nothing else.
- Most hospitals lack stock control procedures and do not record lot numbers of formula or formula bags. When a recall occurs (like the recent Ross Products recall of formula and formula bags) the hospital has no mechanism to inform patients that they have received a recalled product. As the powdered infant formula in some bags is not sterile, infants can and have been sickened from this "gift", placing the hospital in a position to be sued
- Hospitals must pay nurses to stock and handle the bags as well as record all lot numbers of all products distributed to patients in case of a recall. This is very expensive and takes time away from patient care

## Cost analysis: why get rid of the bags when they have free formula in them?

- Neither the bags nor the formula are free. Over 95% of mothers will stick with the formula given to them by the hospital, which is the most expensive name brand formula.
  - The bags cost the manufacturer less than \$7
  - The bags will cost the mother ~\$700 more than store brand formula for the first year, a 1000% profit for formula companies

| Item                                                            | Brand Name Formula | Generic |
|-----------------------------------------------------------------|--------------------|---------|
| Diaper bag                                                      | Free               | \$20    |
| Sample of formula                                               | Free               | \$11    |
| 1 year's supply<br>(first can of brand name<br>formula is free) | \$2000             | \$1200  |

## Why should the hospital pay for formula?

- The hospital pays for all other food for patients and passes the charges along to the patient/insurer through the room and board charge
- Purchasing brand name infant formula costs ~\$.15 to \$.20/bottle
- Purchasing store brand formula is less expensive
- Accepting and distributing free formula may be viewed as bypassing informed consent, prioritizing financial issues above patient care, and implying medical endorsement of formula, which could be construed as acceptance of a bribe

## Why does it matter if we give out the bags and babies go home on formula?

- Hospitals are responsible and accountable to their patients to deliver care that does not encourage poor health outcomes following discharge
- Exclusive breastfeeding is reduced at all points measured between 0-6 months
- Babies not exclusively breastfed become sick more often and cost insurers ~\$475 in excess sick visits

## What if mothers ask for the bag and the hospital does not have it?

- Hospitals find that explaining to parents why the gift bag is not distributed is easily accepted
- Many hospitals distribute their own bag to market their exemplary childbirth services
- Mothers can call the 800 number of the formula company if they must have a bag

## List of institutions not giving out formula discharge bags

Can be found at [www.banthebags.org](http://www.banthebags.org) where 101 hospitals are listed as not distributing these bags