

Chindex Response to Inflation

According to the December 2005 edition of Kiplinger, retail sales have continued to increase despite inflation due to tighter clothing inventories and few sales and coupons. That said, other industries are feeling the weight of inflation and are even shifting the costs to employees. An overall 4% rise in medical care belies the reality that many people are shouldering more of their health bills. (Kiplinger's Personal Finance, 2005, 24-26)

So how is healthcare dealing with inflation? Some are responding in a more harmful manner than others are. According to AARP, pharmaceutical costs for brand name drugs are rising at a rate faster than inflation. However, large portions of generic drugs are holding their prices steady. (Law & Health Weekly, 2005, 166) The industry is also looking to Canada to purchase drugs, which are too expensive in the US. The generic drug market may also help to lower drug prices for people. Many patents are up in 2006 and generics will begin to be made for many currently expensive brand name drugs. (Economist, 2005)

Other portions of healthcare have chosen to walk away from pharmaceutical retail in an effort to stop the money from draining from their bottom line. Chindex International, Inc has announced closure of its retail pharmacy distribution business to be able to concentrate on health care services and medical equipment distribution. Yet another way of handling inflation – decrease the number of services being provided. (PR Newswire, 2005, Page 1).

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