

RUNAWAY

AFFORDABLE PRICES FOR REAL CURES



[RunawayRx](#), a project of the California Association of Health Plans, highlights noteworthy articles and information on the acceleration of prescription drug pricing.

Featured this week: The [Los Angeles Times](#)' David Lazarus shares a physician's cost dilemma—showing how even decades-old generic drugs are impacting affordable health care with recent price increases. And with the launch of a new cholesterol drug priced at \$14,000 a year, [Modern Healthcare](#) examines the steep prices paid for prescription drugs in the U.S. in comparison to other countries, noting that R&D costs don't justify the cost.

Doctor's attempt to bring lower-price diabetes drug to market thwarted

Los Angeles Times
David Lazarus
September 4, 2015

Los Angeles Times

"Dr. Mayer Davidson has long been frustrated by the rising cost of prescription drugs, especially in his area of expertise — diabetes...

"The meds coming out now are just too expensive,' he told me. 'Our hope was that an old generic med like this [World War II-vintage malaria drug called Plaquenil, or hydroxychloroquine] would make it easier and cheaper to treat people.'

"Unfortunately, even though Davidson received a research grant, he never got to fully test his hypothesis. As with many generics, the price of Plaquenil has risen in recent months. Davidson said the wholesale price of the drug was 50 cents a pill last year. It's now \$1.75 — a 250% increase...

"Davidson said his team's modest funding couldn't support such a price hike. They were unable to buy enough Plaquenil, even at the wholesale price, to study its long-term effect on a meaningful number of diabetic patients.

"We had to close down the study,' Davidson said. A decision like that has enormous ramifications..."

"[Joel] Hay [USC pharmaceutical economist] said that 'it's hard to believe these prices are all due to supply problems.

"It's more likely that manufacturers are taking advantage of their unique market power,' he said.

"Insurance companies warned in June that Medicare and Medicaid — i.e. taxpayers — will spend almost \$50 billion over the next decade on just 10 super-pricey new drugs that haven't even hit the market yet."

Read more: <http://www.latimes.com/business/la-fi-lazarus-20150904-column.html>

Amgen's Repatha sheds light on the high cost of drugs in the U.S.

Modern Healthcare

Steven Ross Johnson

September 2, 2015

**Modern
Healthcare**

“The launch of Amgen's new cholesterol-lowering drug Repatha is renewing the debate over the cost of drugs and the reasons why prices are so much higher in the U.S. than in other advanced countries.

“In the U.S., Amgen will sell Repatha at more than \$14,000 for a year's supply. An Amgen spokeswoman said the listed price for the same drug and same dosage will total \$6,249 annually in Britain. In Austria, an annual supply costs around \$7,619, while in Finland the price is \$8,175...

“The U.S. pays a high price for pharmaceuticals compared to the rest of the world. According to a research brief released in May by the Kaiser Permanente Institute for Health Policy, the U.S. spends more on prescription drugs than any other nation in the developed world, accounting for 12% of total health spending.

““But as risky as drug development is, the pharmaceutical and biotech industries remain among the most profitable sectors of the U.S. economy and actually spend only a small fraction of their revenues on truly innovative research,’ [Dr. Jerry] Avorn [a professor of medicine at Harvard Medical School] added.”

“Anderson estimated companies invested up to 15% of their profits toward research and development of new drugs while devoting as much as 25% to marketing.

“When we pay the higher price, we pay for a lot more marketing,’ Anderson said. ‘We don't get a lot more research and development.”

Gerard Anderson

*Professor of Health Policy &
Management Johns Hopkins
Bloomberg School of Public Health*

Read more: <http://www.modernhealthcare.com/article/20150902/NEWS/150909996>

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The California Association of Health Plans' RunawayRx project sheds light on the acceleration of prescription drug pricing and how it impacts health care affordability, encouraging a route toward sustainable pricing. For more information, please visit www.RunawayRx.org or follow up on Twitter [@Runaway_Rx](https://twitter.com/Runaway_Rx).

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