



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

While policymakers, consumers, and the media repeatedly question the rationale behind skyrocketing drug prices – not just on new innovative medicines but on decades-old generics as well – the industry continues to shrug off example after example, brushing them off as outliers or pointing fingers at their competitors. But we see this pattern repeating itself again and again with no accountability or transparency behind the unsustainable rate of prescription drug spending growth. California’s [AB 463](#) would hold these companies accountable, requiring them to provide basic information on the elements that go into drug prices.

Pharma's Bizarre Pricing Shrug

November 16, 2015

By Max Nisen

Bloomberg

“Throughout this autumn, as the issue of drug pricing erupted from a long-simmering controversy into a full-blown headache, pretty much every CEO of note in biotech and pharma had to address the subject, and their tone was largely defensive and dismissive. There were vague promises of moderation, and readings from whatever aged grimoire ... pharma execs find their near-identical pricing arguments. But there was precious little acknowledgement that the industry might actually need to change.

“The drug industry is in denial about the seriousness of its pricing problem.”

“...[P]rice increases on older drugs are an essential profit driver across the industry. Last year, according to Credit Suisse, 80 percent of net profit growth among 20 of the largest companies came from price increases. Merck has raised prices on 38 brand name drugs this year and Pfizer on 133. Last year, driven in large part by a new generation of Hepatitis C drugs, U.S. drug prices rose 13 percent, the biggest increase in a decade and far, far ahead of inflation.

“Old drugs aren't the only problem. New drugs are amazingly expensive and likely to get more so. Combinations of new classes of cancer treatments look to average more than \$250,000 a year. Orphan drugs, which treat rare and often previously ignored diseases, can cost in excess of \$300,000 a year. Gene therapies may cost hundreds of thousands of dollars, or more than \$1 million, for one-time treatments. Companies are pouring resources into developing more such drugs, with no real thought to who will pay for them, or how, and no acknowledgement that the current pricing model can't expand infinitely.”

“The industry is, in public at least, shrugging at pressures that are going to define what it does for decades.”

Read more: <http://www.bloomberg.com/gadfly/articles/2015-11-16/drug-price-pressures-have-only-just-begun>

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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 us on Twitter at [@Runaway_Rx](https://twitter.com/Runaway_Rx).