



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

From the presidential campaign trail to the hearing rooms of Congress, discontent with drug pricing has reached a breaking point. Just last week CalPERS announced their specialty drug spending jumped 62 percent over two years. Now, The New York Times Editorial Board criticizes current pricing strategies that push prices ever higher.

No Justification for High Drug Prices

The New York Times

December 19, 2015

The New York Times Editorial Board

“There is ample evidence that drug prices have been pushed to astronomical heights for no reason other than the desire of drug makers to maximize profits. Prices in many cases far exceed what’s needed to cover the costs of research and clinical trials, and some companies have found ways to rake in profits even without shouldering the cost of drug development.”

“...The Pharmaceutical Research and Manufacturers of America, a trade group, described Turing and Valeant as essentially investment vehicles ‘masquerading as pharmaceutical companies.’

“Yet even some mainstream companies have set high prices that seem hard to justify. Eli Lilly said its new lung cancer drug, Portrazza, would cost about \$11,430 a month in the United States, six times the \$1,870 price that leading oncologists said in a recent journal article would be a fair reflection of the benefit the drug offers compared with older therapies.

“Similarly, Pfizer set the list price for Ibrance, a drug to treat a form of advanced breast cancer, at \$9,850 a month, a price that remains high even after the 20 percent discount demanded by insurers. The price was not based on manufacturing costs or research costs, according to an analysis by The Wall Street Journal. Rather, Pfizer set the price as high as it could without causing doctors and insurers to favor an alternative drug...

“The pharmaceutical industry often defends its prices by noting that drugs account for only 10 percent of nationwide health spending. But in employer-based health insurance plans, drug benefits account for 19 percent of spending... And surveys have shown that many Americans have difficulty paying for the drugs they need. Major drug companies often increase prices 10 percent or more a year ... straining the health care system.”

“Encouraging the development of innovative drugs and setting prices in ways that make lifesaving medicines affordable to all are not mutually exclusive ideas.”

Read more: <http://www.nytimes.com/2015/12/20/opinion/sunday/no-justification-for-high-drug-prices.html>

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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).