

Costly drugs or access to health care: Should we really have to choose?

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“Prices for prescription drugs are rising precipitously, seriously threatening public and private healthcare budgets, and creating barriers preventing patients from accessing needed therapies. Pharmaceuticals now account for 19 percent of employer spending and Medicare spending on healthcare and, with a slew of approvals of new \$100,000+ medications, there is no relief in sight. Despite a firestorm of outrage and questions from every impacted constituency and their elected representatives, drug companies have yet to provide any compelling reason for the outrageous pricing of new drugs, and the unconscionable price increases on older, established drugs. Senate investigations, Congressional hearings and front page headlines seem to have had little to no impact.

“As a physician, I fully support innovation and the scientific advances that deliver new therapies and potential cures for previously untreatable conditions. But I’m horrified with an unsustainable, “sky’s the limit” approach to drug pricing. I think about Jonas Salk who made the polio vaccine freely available, and compare it to drug companies today blatantly exploiting their ability to price drugs however they choose, thanks to generous, government-granted monopolies and very generous patent protections.

“It’s fair to ask why the generic medication a physician prescribed two months ago is now costing ten or twenty times more. It’s fair to ask why a pharmaceutical company sets the starting price for sofosbuvir at \$1,000 a pill in the U.S., but only \$4 in Egypt.

“Drug companies do not seem particularly interested in providing answers, but we—patients, taxpayers, public health programs, local and state governments, employers, health plans and healthcare providers—are the customers here. Requiring a basic level of transparency is nothing compared to the tough choices and tradeoffs that everyone else is being forced to make because of these budget-busting prices.

“Employers and employees face their own set of challenges as pharmaceuticals drive up healthcare costs for businesses. State governments will have to choose between paying for prescription drugs and other needed services.

“In 2015, California carved out funds in the state budget for a new, costly medication that cures Hepatitis C—a disease roughly three million Americans have today. The \$1,000-per-pill, sofosbuvir, priced at nearly \$100,000 for a regular course of treatment, is one of the most striking

examples of budget-busting drugs. And yet medications priced in excess of \$10,000 per course of treatment are increasingly commonplace, with more than 900 drugs now sporting this hefty price tag.

“With the state budget threatened by costly drugs and employers being stretched increasingly thin, common sense tells us that we must work, at a minimum, to make clear the basis for these record-breaking prices – if we have any hope of finding a solution.

“We have heard for years that drug pricing is associated with research and development costs. But, without meaningful information available about the cost difference between research and development and the prices that actually get charged, it is virtually impossible to develop solutions to healthcare affordability and relieve excessive strain on coverage providers like employers and Medi-Cal.

“It’s time to put the burden of proof on the drug companies that set the prices. Customers deserve clear answers, not more rhetoric.”

“While the federal government investigates pharmaceutical companies’ dramatic price increases, California is taking action of its own. Assembly Bill 463, authored by Assemblymember David Chiu, would require drug companies to report basic cost information – such as research and development, marketing and advertising, and materials and manufacturing – for the highest priced drugs. The legislation would maintain industry innovation and competition while opening the locked vault of information on those ultra-high-priced drugs currently threatening the state budget, patients’ ability to pay, and our healthcare system.

“It’s time to deal with the price problem. Lawmakers in California have the chance to take a reasonable step towards staving off a major crisis in our country by passing AB 463. This isn’t a problem with an easy or quick solution, but a little transparency will go a long way.”

Ed’s Note: Sharon Levine, MD, is an executive with The Permanente Medical Group, and a physician at Kaiser Permanente.

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