

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.

The Associated Press reports that many large drug makers are turning drug distribution into a tool to prevent competition and keep prices sky high. This destructive tactic is protecting brand name drugs whose patents expired decades ago from lower-priced competition. It is just the latest in a long line of troubling news about prescription drug pricing practices that emphasize the need for greater transparency so that low-cost options are available for everyone.

Drug Distribution Becomes Weapon To Block Competition

March 3, 2016

By Matthew Perrone

AP

“The same strategy that Martin Shkreli used to get away with a 5,000-percent price increase on an old drug is used by many other drugmakers to maintain sky-high prices on billions of dollars' worth of medications.

“Before the price hike that made him infamous, the former CEO of Turing Pharmaceuticals had to ensure that no competitor would be able to launch a cheaper version of Daraprim, the 60-year-old anti-infection pill that is no longer under patent.

“The effect on patients is higher prices for drugs that would otherwise be available as low-cost generics.”

“Shkreli had the perfect weapon: a tightly-controlled distribution system which would make it virtually impossible for a competitor to obtain enough Daraprim to develop their own version...

“At least 40 drugs worth an estimated \$5.4 billion are sheltered from competition by distribution hurdles.”

“Many larger drugmakers have also turned drug distribution into a powerful tool against competition. The strategy takes advantage of a simple fact: If generic drugmakers can't get their hands on the original product, they cannot perform the tests needed to develop a generic version. Typically generic drugmakers purchase drugs in bulk from third-party suppliers. But when the original drugmaker controls the drug's distribution, they can simply refuse to sell.”

Read more: <http://apne.ws/1VT28VF>

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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, visit www.RunawayRx.org or follow us at [@Runaway Rx](https://twitter.com/RunawayRx).