



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

The [Washington Post](#) reports on two new studies that found that prices for cancer drugs have been steadily climbing - and increases often come after the drugs are approved for use in larger populations. This trend runs counter to the drug industry's argument that prices must remain high for drugs approved for smaller sets of the population and illustrates the need for transparency in drug pricing to get to the bottom of what's truly driving these price spikes.

The inexplicable and relentless rise of cancer drug prices

Carolyn Y. Johnson | May 2, 2016

The Washington Post

“The \$10,000-a-month cancer drug has become the new normal, to the dismay of physicians and patients who increasingly face the burden of financial toxicity. A pair of new studies illustrates just how recently that pricing model has come into vogue and pulls back the curtain on the strange market forces that push prices steadily higher in the years after the treatments are launched.

“The first study, published in JAMA Oncology, examined 32 cancer medications given in pill form and found that their initial launch list prices have steadily increased over the years -- even after adjusting for inflation...

“Launch prices... soared over time; after launch, those prices also increase steadily, despite competition from other treatments and even as the drugs are used by more patients.”

“A study published in Health Affairs on Monday then examined what happened to two dozen cancer drug prices after launch and found that pharmaceutical companies on average increased prices 5 percent above inflation each year. That inflation dwarfed ameliorating effects from competing drugs being introduced, which resulted in about a 2 percent discount on the price, on average. And the biggest hikes -- of about 10 percent -- coincided with the drugs receiving approval for other conditions. In other words: when a drug became useful to a larger number of patients, the price shot up.

“The findings highlight the often mind-boggling ways that drug prices behave. Launch prices for cancer drugs have soared over time; after launch, those prices also increase steadily, despite competition from other treatments and even as the drugs are used by more patients.

“[A]t a time when Congress has drug companies that make one-time egregious price spikes in its crosshairs, the slow and steady rise in drug prices -- a far more widespread practice -- flies under the radar.”

Read more at <http://wapo.st/1TGy5Ap>.

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/RunawayRx).