

## THE OUTRAGEOUS PRICING OF MEDICATION: TIME FOR CHANGE

Sweeping health-care reform, including the reduction of drug prices, has been on the radar for a long time, with a lot of talk and little action. In spite of many promises from the current Administration about “drug prices falling very substantially,” they are not falling; they are still increasing. Additionally, Americans spend more on healthcare and medication than citizens of any other country in the world, an average of \$1,025 per person per year on medication, which only accounts for about 10 percent of their health expenditures. The problem lies in the way the healthcare system as a whole, and Pharma in particular determine the price of products, treatments and service in the United States.

When the heads of seven major pharmaceutical companies, Pfizer, Merck, AbbVie, AstraZeneca, Bristol-Myers Squibb, Johnson & Johnson’s Janssen Pharmaceuticals unit, and Sanofi, testified at a Senate Finance Committee hearing a few weeks ago, they claimed that insurance companies and pharmacy benefit managers (PBMs), who extract large rebates and discounts from the drug makers, are the reason why Pharma must elevate the list price of drugs. They contended that this is what leads to higher co-payments for customers.

The three dominant PBMs—Express Scripts, OptumRx, and CVS Health, who were also present at the hearing, and seated shoulder to shoulder with the pharmaceutical companies, blamed the drug companies for the high prices, putting up an adamant defense that as third-party middlemen, they negotiate rebates that actually make drugs more affordable for consumers, in addition to providing other services. In reality, both Pharma and the PBMs are profiting at the expense of the healthcare consumer. It is important to also note that PBMs spent \$1.5 million in lobbying in the first quarter of this year, an all-time high. This is a fraction of the pharmaceutical industry’s \$9.9 million spent on lobbying Congress in the same quarter. According to an op ed published in the New York Times in June of 2018, drug makers, in 2017 deployed 882 lobbyists and spent more than \$171.5

million, thwarting efforts to lower prescription drug prices.

<https://www.nytimes.com/2018/06/20/opinion/prescription-drug-costs-naloxone-opioids.html>

Pharma companies have also been arguing for decades that high drug prices and strong patent protections are essential to spurring innovation and those costs are reflected in drug pricing. Although there is some truth to the fact that drug makers need funds for new drug development and innovation, their profits do not justify the prices they are charging. U.S. drug manufacturers are allowed to set prices for new drugs or change pricing after making slight changes in the drug formularies, without oversight by a review panel or some other type of government agency. Meanwhile, millions of Americans struggle to pay for the cost of their prescription drugs every month, with many resorting to skipping or rationing doses in order to feed their families, pay the rent and basically survive. This is not the way it works in other countries where national health systems negotiate firm price controls. In the U.S. the market typically sets prices.

According to Reuters, citing a report cited from the UK *Daily Mail*, (a British daily middle-market newspaper published in London in a tabloid format and the United Kingdom's second-biggest-selling daily newspaper), researchers from the University of Liverpool (UK) analyzed the drug prices for 20 top-selling drugs worldwide, including Sanofi's Lantus, Novo Nordisk's NoVo Rapid insulins, and Roche's Lucentis, a macular degeneration drug recently approved by the FDA to treat diabetic retinopathy, U.S. consumers ended up paying 5.7 times more for Lantus, 7.5 times more for NoVo Rapid, and 7.5 times more for Lucentis than their UK counterparts. The average price difference of the top 20 drugs sold was 3 times higher in the U.S. than in the UK. The gap between drug prices in the U.S. and prices in other industrialized countries is even greater – 6 times higher than in Brazil and 16 times higher than in India, for example.

<https://insulinnation.com/treatment/u-s-pays-much-uk-insulin/>

The Right Care Alliance, a grassroots coalition of clinicians, patients, and community members whose goal is to raise public awareness regarding how health care institutions must be accountable to

communities and put patients, not profits first, held a rally at Sanofi in Cambridge, MA last Fall, where the parents of Alec Raeshawn Smith and Antavia Lee Worsham brought their children's ashes, in the hope that this symbolic gesture would move the drug makers to lower their insulin prices. These young adults living with type 1 diabetes, died because they could not afford their medication.

According to an article by Ed Silverman, STAT News, a worldwide survey conducted by an international type 1 diabetes (T1D) advocacy non-profit, found that 26 percent of the people in the U.S. with diabetes ration their insulin. By contrast, rationing was reported among 6.5 percent of people with diabetes in other high-income countries and almost 11 percent by people with diabetes living in low or middle-income countries.

<https://www.centerforbiosimilars.com/news/insulin-rationing-is-a-global-problem-but-at-its-worst-in-the-united-states>

Insulin is not the only example of how drug companies arbitrarily and in lock step raise their prices. The price of Humira, an anti-inflammatory drug dispensed in an injectable pen, and one of the most widely used medications in the world, has risen from about \$19,000 a year in 2012, to more than \$38,000 by the end of 2018, per patient, after rebates, according to SSR Health, a research firm. That's an increase of 100%. A prefilled carton of Humira with two syringes costs \$2,669 in the United States, compared with \$1,362 in Britain, \$822 in Switzerland and \$552 in South Africa, Turing Pharmaceuticals, the company that acquired Daraprim, a drug used to fight infections in AIDS patients, raised the price overnight to \$750 a pill from \$13.50. (The New York Times, [Danny Hakim](#), Jan 6, 2018).

<https://www.nytimes.com/2018/01/06/business/humira-drug-prices.html>

The list goes on and on but suffice it to say that the United States healthcare consumer living in the largest market in the world, for prescription medication, is bearing these un-affordable prices because our laws and regulations allow this outrageous practice to continue. The situation is appalling and until consumers and their

representative band together to oppose this practice, individuals will continue to ration their medication and die as a result.