

Prescription drug price battles show no sign of letting up

June 15 2015, by Jordan Shapiro, St. Louis Post-Dispatch

The decision this week by experts at the Food and Drug Administration to endorse a pair of medicines aimed at combating heart disease brought on the latest round of hand-wringing over prescription drug costs.

The drugs, which work to reduce cholesterol, are projected to cost anywhere from \$7,000 to \$12,000 annually once on the market. Patients will bear some of that cost, but the bulk will be paid by [private insurance companies](#) or the government through Medicare and Medicaid.

The endorsement of alirocumab and evolocumab by FDA panels this week has renewed concerns about the affordability of new specialty drugs that offer hope to millions of Americans. Whether patients can access, or afford, these new drugs will be a sticking point for years to come.

It's a familiar tale. As science and technology advance, drug companies are able to create therapies that are more effective than ever. But the cost of these treatments has skyrocketed and put a strain on the entire [health care](#) sector.

When a new line of hepatitis C drugs was approved starting in 2013, attention immediately focused on the price. The initial drug, Sovaldi, was dubbed a "miracle" because it can cure the chronic liver condition with a single treatment.

But its staggering cost of \$1,000 per pill - \$84,000 for a standard

12-week course - immediately raised concerns. The government, health insurers and pharmacies, fearing rising costs, rushed to drive down the price through market pressure and restrictions on who could get the drug.

The endorsement of the cholesterol treatments show the pricing debate won't be limited to Sovaldi and other hepatitis C drugs. An analysis also released this week details how the battle will continue over the next decade as new, potentially costly, drugs to treat anything from cancer to cystic fibrosis come to the market.

The analysis by Avalere Health found that 10 drugs designated by the FDA as "breakthrough" therapies could cost state and federal governments \$50 billion over the next decade. Medicare, the government-funded insurance program for the elderly would carry the heaviest burden estimated at \$31 billion, the study said.

Private insurance companies could be on the hook for similar amounts as their clients demand access to the newest, best therapies. Avalere Health's study was funded by America's Health Insurance Plans, or AHIP, an industry trade group representing health insurers. The consultancy maintained editorial control, according to the study.

"Patients rely on innovative, life-saving medications, but soaring prices jeopardize access for those who would benefit the most from these treatments," AHIP interim CEO Dan Durham said in a written statement about the study.

The pharmaceutical industry disputed the study's findings and pointed out that overall prescription drug costs are projected to remain relatively stable at 13 percent of total U.S. health spending over the next decade. It also criticized the study for only selecting certain drugs and not considering other factors, such as increased market competition, that

could bring down prices.

"It's another report that cherry-picks medicine to advance a narrative," said Holly Campbell, spokeswoman for the industry group Pharmaceutical Research and Manufacturers of America, or PhRMA.

Although drug spending is projected to remain level relative to its share of overall [health care costs](#), evidence suggests patients are shouldering more of the burden.

A recent report by Express Scripts, the St. Louis-based pharmacy benefit manager, found that 140,000 Americans had drug bills of more than \$100,000 last year, a 63 percent increase from 2013.

Express Scripts has been a key player in pricing for these new specialty drugs. It used its market clout to drive down the price of the hepatitis C [drug](#) and the company is poised to continue as more specialty drugs hit the market. Its decision to give preference to a cheaper Sovaldi competitor could save billions, the company said.

"If patients had to pay out of their own pocket there is no way the manufacturers could charge that kind of price," said Dr. Glen Stettin, senior vice president at Express Scripts.

©2015 St. Louis Post-Dispatch
Distributed by Tribune Content Agency, LLC.

Citation: Prescription drug price battles show no sign of letting up (2015, June 15) retrieved 18 April 2024 from <https://medicalxpress.com/news/2015-06-prescription-drug-price.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.