

Clinton takes on Big Pharma, lays out drug plan (Update)

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Democratic presidential frontrunner Hillary Clinton unveiled a plan Tuesday to limit prescription medicine costs, challenging the US pharmaceutical industry after the price for one drug skyrocketed by 5,000 percent.

The United States has no government-led universal health care program for all its nationals. At least 33 million Americans have no health insurance whatsoever, government data show.

Clinton's plan would allow for Medicare, the national health insurance program set up specifically for people over 65, "to negotiate for lower prices for its members," a move she said would save some \$100 billion per year.

The problem of rising drug prices affects millions of Americans. The majority are covered by private insurance plans offered by employers for workers and their dependents.

And even with overall US health care costs trending slightly lower, prescription drug costs for consumers have shot up—by more than 12 percent last year, according to Clinton.

Even senior citizens with Medicare often pay part of their medical expenses.

So the issue is one that resonates with many voters. Many aged

Americans go bankrupt paying for their medical care, and cut pills in half to make prescriptions last longer, while the uninsured in their millions usually get little care until they have to head to an emergency room.

Health care costs worrisome

The health care costs issue has been simmering in the early months of the 2016 presidential race.

But it catapulted into the national spotlight on Monday, when Clinton reacted to a company that raised by 50-fold the price of a drug used by AIDS and cancer patients and others with compromised immune systems—a price the company now says it will lower.

Clinton's outrage over prescription drug "price-gouging," and her vow to "lay out a plan to take it on," sent pharmaceutical and biotechnology stocks into a four-percent slide Monday.

In Iowa the next day, she announced her plan that would cap out-of-pocket drug costs for working families at \$250 per month for covered medications.

It would require pharmaceutical companies to spend a certain portion of their revenue on research and development, and would aim to cut down on direct-to-consumer advertising by companies that receive substantial federal tax breaks.

"I want to both protect consumers and promote innovation, while putting an end to profiteering," she said.

End ban on cheap imports

She also vowed to end the ban on US consumers purchasing US-made drugs from countries that sell them for less than in the United States.

"If the medicine you need costs less in Canada you should be able to buy it from Canada, or any other country that meets our safety standards," she said.

The United States' neighbor to the north has national health insurance for all, and the huge scope of "economies of scale" usually lowers costs, including for medications.

Clinton also returned to the issue of the company of the moment, Turing Pharmaceuticals, which in August purchased the rights to a 60-year-old drug, Daraprim, and soon afterward raised its price 50-fold, from \$13.50 per pill to \$750.

"That's price-gouging, pure and simple," Clinton said, without mentioning the company by name.

Turing's chief executive, Martin Shkreli, told NBC news Tuesday that the company would lower the price of Daraprim, but did not say what the new price would be.

"There were mistakes made with respect to helping people understand why we took this action. I think that it makes sense to lower the price in response to the anger that was felt by people," Shkreli said.

Daraprim fights toxoplasmosis, one of the most common food-borne diseases. It often infects people with immune systems that have been weakened by HIV and AIDS, or from chemotherapy.

Shkreli previously defended the price hike, saying his firm was taking a money-losing drug and turning it into a profit-maker that would spur

more research and innovation.

"We're taking the revenue from Daraprim and trying to come up with a better, safer, more effective version of it," Shkreli told CNBC on Monday.

As for the headline-grabbing original price tag, he said "we took it to a price where we can make a comfortable profit but not any ridiculous profit."

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