

Obama administration sets stage for a debate on drug costs

November 20 2015, by Ricardo Alonso-Zaldivar



In this photo July 25, 2015, Health and Human Services Secretary Sylvia Mathews Burwell speaks in White Sulphur Springs, W. Va. The Obama administration says a better balance is needed so new drugs aren't priced out-of-reach for patients. Burwell opened a forum on drug prices Friday by saying too many people are struggling to pay for their prescriptions. Americans shouldn't have to choose between innovative medications and affordability. (AP Photo/Steve Helber)

The Obama administration set the stage Friday for a national debate on the rising cost of prescription drugs, a pressing issue for voters but one that's unlikely to see quick solutions under a lame-duck president facing an opposition Congress.

Saying that too many people are struggling to pay for their medications, Health and Human Services Secretary Sylvia Burwell opened a daylong forum that presented a range of perspectives, from the pharmaceutical industry to a cancer patient with \$270,000 in bills for just one drug.

"None of us accepts that we must choose between innovation and a health care system that can provide access to affordable medicines," Burwell said.

Polls show that drug costs are the top health care concern for the public, with support across party lines for some kind of government action. Half of Americans take a prescription medication, and 1 in 4 of those has difficulty paying for their drugs.

"Access isn't a problem of the future, it's a problem of today," said Medicare Administrator Andy Slavitt. "This trend of diminishing access will continue if we do not work together to find viable solutions."

President Barack Obama has called for giving Medicare legal authority to negotiate prices for high-cost "specialty drugs," a small percentage of innovative medications that accounts for more than one-third of spending. But at the HHS forum, administration officials were not pushing detailed policy ideas.

Instead, Slavitt said the administration wants a dialogue around approaches that have had support from both sides of the political aisle. They involve a combination of research to establish which new drugs are the most valuable for patients, greater transparency around how drug

prices are set, and facilitating the approval of drugs

"The truth is we don't have enough public information on the effectiveness of new drugs in the real world or about prices," said Slavitt. "To avoid reacting to misinformation, we must increase the transparency of the information available about drug pricing and value."

Spending on medicines increased 13 percent in 2014, compared to 5 percent for health care overall, Slavitt said. It was the highest rate of drug spending growth since 2001.

Specialty drugs, including the \$1,000 pill for hepatitis C infection, are a major part of the explanation. But some generic drugs have also seen price spikes, even though the chemical agents have been around for years. Thousands of new medications are in development, including potential breakthroughs for cancer patients.

Still, doctors often have little hard evidence to go on when trying to decide if a costly new drug is really that much better than its precursors.

"There is a lot of evidence that the (clinical) value of drugs on the market today varies tremendously," said Mark McClellan, Medicare administrator under President George W. Bush and a speaker at the forum. Government policies should provide stronger incentives for the development of clinically valuable treatments, he said.

The pharmaceutical industry says it is delivering cures for life-threatening illnesses and allowing many people with chronic disease to lead productive lives. But insurers are complaining about high-priced new drugs, and so are state Medicaid programs and the Department of Veterans Affairs, which are legally entitled to big discounts. Medicare is feeling the impact as well.

Heather Block, a breast cancer patient from Lewes, Delaware, told the forum that her costs have been so high she could face bankruptcy if she beats the odds against her advanced disease.

"Innovation is meaningless if nobody can afford it," she said.

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