

# US drug prices are costing us more than we think

December 7 2021, by Neil Schoenherr

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Aduhelm, the first new Alzheimer's drug in 18 years, could easily

become the best-selling drug in Medicare, despite its potential massive cost and tremendous uncertainty about whether the drug even works, says Rachel Sachs, the Treiman Professor of Law and nationally renowned expert on drug pricing and health policy.

Biogen, which created the [drug](#), halted its Aduhelm [clinical trials](#) in 2019 when an examination of early trial data suggested that the drug did not work. But Biogen researchers later analyzed the trial results further and argued that high-dose patients in one of the two trials had benefited from the drug, experiencing a 22% reduction in clinical decline. Given the uncertain results and that similar drugs have proven ineffective in the past, no member of the U.S. Food and Drug Administration's advisory board voted in favor of approving the drug. It was approved nonetheless in June 2021.

Aduhelm, which will be priced at \$56,000 per year, is expected to become a multibillion-dollar expense for Medicare, which covers most of the nearly 6 million Americans with an Alzheimer's diagnosis. Some experts have claimed that spending on the drug for Medicare patients could end up being higher than the annual budgets for the EPA or NASA, somewhere between \$6 billion and \$29 billion per year.

In June, Sachs called Aduhelm the "drug that could break American health care" in a co-authored column in *The Atlantic*.

"Because of the way it's administered, Aduhelm will be paid for by part of the Medicare program that's funded by both general revenues and seniors' premiums," Sachs says. "So not only will taxpayers be funding most of the drug's cost, but all seniors' premiums may also rise—possibly significantly—to cover the price. Seniors taking the drug may have even higher out-of-pocket costs."

Aduhelm is part of a larger problem in the U.S., namely, drug costs. In a

2019 RAND Review article, "Why are drug prices so high in the United States?" Ezekiel J. Emanuel, one of the architects of the Affordable Care Act, stated: "Every other country in the world regulates drug prices, typically through some formal process of negotiation. Only the United States doesn't."

Sachs has testified before Congress about the problem of high drug costs in the United States, explaining why prescription-[drug-pricing](#) reform should include three particular types of policy solutions: Congress should (1) seek to lower patients' out-of-pocket [costs](#), (2) strive to fix misaligned incentives in the existing pharmaceutical pricing and payment system, and (3) address the underlying problem of high prescription drug prices.

It's pretty clear Adulhelm does none of that. "Because of how we've structured our health care system, the FDA's decision will effectively transfer many billions of dollars of government and patient money to a single drug manufacturer," wrote Sachs and Nicholas Bagley, a law professor at the University of Michigan, in their co-authored column for The Atlantic. "Whether that's a good use of our collective resources is not a question the FDA considered. But it's a question that may haunt the health-care system for years to come."

Provided by Washington University School of Medicine in St. Louis

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