

Merck sues to challenge new US drug price program

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Merck filed a lawsuit Tuesday challenging a new White House-backed program to limit drug prices, calling the initiative an unconstitutional "extortion" that will harm pharmaceutical innovation.

President Joe Biden has touted the Medicare Drug Price Negotiation Program, which allows the Medicare health program to negotiate prices for costly drugs made by a single producer.

But pharmaceutical giant Merck, in a colorfully written lawsuit filed in [federal court](#) in Washington, slammed the program as a "sham" because it imposes draconian financial penalties on [pharmaceutical companies](#) whose drugs are selected by the government.

Merck expects its Januvia treatment for type 2 diabetes to be picked for the program this year with Janumet, another diabetes drug, and cancer treatment Keytruda to be added in subsequent years.

Under the "sham" negotiations in the 2022 Inflation Reduction Act, Merck must accept the government-offered prices or potentially incur hundreds of millions of dollars in penalties, according to its complaint.

Rather than unilaterally set prices, the new program engages in "political deception—to allow the government to pretend, as it already has done, that (the government's) prices are not top-down mandates, but the product of voluntary 'agreement' with companies who concede they are 'fair,'" said the Merck complaint.

"This is political Kabuki theater," said Merck, adding that the [government](#)'s estimates do not take into account the many costly failures funded through drug company research and development before a successful treatment.

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