

White house could punish big pharma's high prices by removing patents

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The Biden administration is flexing some federal muscle in its push for

lower drug prices, warning pharmaceutical companies that it might use its authority to cancel patent protections if a medication costs too much.

Federal law allows the government to grant patent licenses if [taxpayer dollars](#) were used in the development of inventions—including drugs.

In a [statement](#) released Thursday, the White House said it will consider granting patents to rival pharma companies if a drug becomes prohibitively expensive.

It's the first time that [federal officials](#) have been allowed to consider a drug's price in deciding to break patent protection.

"We'll make it clear that when [drug companies](#) won't sell taxpayer-funded drugs at reasonable prices, we will be prepared to allow other companies to provide those drugs for less," White House National Economic Advisor Lael Brainard said during a call with reporters on Wednesday, CNBC reported.

This power over patents, called "march-in rights," were established under the Bayh-Dole Act of 1980 but they have never been exercised by any federal agency, administration officials told CNBC.

President Joe Biden promised that the move will lower drug prices for average Americans.

"Today, we're taking a very important step toward ending price gouging so you don't have to pay more for the medicine you need," Biden said in a brief YouTube video released Wednesday.

There will be a 60-day public comment period on the administration's plan, which is certain to be challenged by drugmakers.

Industry lobbying firm Pharmaceutical Research and Manufacturers of America (PhRMA) told the *Associated Press* that the plan could threaten the development of future drugs.

"This would be yet another loss for American patients who rely on public-private sector collaboration to advance new treatments and cures," PhRMA spokesperson Megan Van Etten told the AP.

Pharmaceutical companies often base new drug development on research that was first funded by federal dollars, experts said.

This patent threat could lead companies to avoid using federally funded research when investigating new therapies, PhRMA argued.

The assertion of "march-in rights" is part of a series of actions the administration announced Thursday aimed at anticompetitive practices in [health care](#).

Thursday's announcement noted that the 25 largest pharma companies currently control about 70% of industry revenues.

This consolidation also has affected health insurance. In 44 states, three or fewer health insurers control 80% of the market, and five insurers control more than 70% of the Medicare Advantage Market, the announcement said.

Other actions in the White House statement include:

- Launching a government investigation into how corporate consolidation is increasing the cost of health care.
- Increasing transparency on the ownership of hospitals, nursing homes and other health care facilities.
- Making it easier to obtain price and quality data from Medicare

Advantage plans.

More information: The White House has more on [promoting competition in the health care industry](#).

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