



FOCUS ON

PHARMACY COSTS

*The Albany Times Union recently tackled the issue of the high cost of drugs used to treat hepatitis c, saying the “high price highlights much of what’s wrong with pharmaceuticals in America.” This problem also highlights the need for **greater transparency on drug costs.***

The sickening cost of cures

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It starts mildly enough, so mildly that people might not even realize they have it. In a few weeks, what symptoms there might be – fatigue, loss of appetite, a bit of jaundice – go away. But the disease remains, quietly doing damage for years, leading in some cases to cirrhosis and cancers of the liver, brain damage and death.

The hepatitis c drugs aren’t cheap – \$84,000 to \$94,500. At full price, curing all 200,000 New Yorkers with Hepatitis C would cost more than \$17 billion.

The good news is that there is a cure for hepatitis C. Medicines were approved in 2013 and 2014.

The bad news? Well, that’s where things get infuriating.

It starts with a reluctance among some insurers to cover the cure until people get sick enough. That was the practice of seven New York health insurers until this past week, after Attorney General Eric Schneiderman threatened legal action. One holdout remains – Capital District Physicians Health Plan, which insists it really does want to settle.

But it’s not just private insurers; New York’s Medicaid program had a similar policy until last week, too. The change in policy, though, won’t take effect for a month. And only some Medicaid clients are affected; those in Medicaid managed care programs may not get the cure early in the disease’s progress.

What’s behind all this? Is it all about insurer profits and money savings for the state at the expense of people’s health?

No doubt that’s part of it. The drugs aren’t cheap – \$84,000 to \$94,500. At full price, curing all 200,000 New Yorkers with Hepatitis C would cost more than \$17 billion.

But there’s a deeper issue: Why are these drugs, and so many others, so expensive? The pharmaceutical industry would have us believe its prices need to be so high to cover all the research and tests to develop those drugs, and to pay for all the other research drug companies do that goes nowhere.

Oh, it also pays for the \$230 million Big Pharma spent last year lobbying Congress – the most of any industry, according to the Center for Responsive Politics. That money – plus millions more in campaign contributions – seems to make the high price of drugs palatable to our elected representatives, and the industry’s reasoning easy to swallow.

And so we get cures that the average individual cannot afford and that insurance companies and government health programs balk at covering. We get a market in which a hedge fund wiz buys the manufacturing license for an antiparasitic drug and jacks up the price by more than 5,000 percent, then scoffs at a shocked – shocked – Congress.

It’s time that Congress did more than express its indignation in press releases. It should demand the industry justify its prices with real evidence. And it should do some calculations of its own, such as how much taxpayer-funded research and education and training of doctors and scientists drug companies benefit from. It should consider emulating other countries that hold down their citizens’ drug costs with price controls, and stop forcing Americans to foot the bill for all those profits and political largesse.

Demand the industry justify its prices with real evidence.

And it had better open its eyes, because in case it hadn’t noticed, citizens are sick. And voters are sick and tired.