

FROM THE EDITOR

Drug Pricing and Health Care Expenditures

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EpiPen, Colcrys, Daraprim, Glumetza, Humulin R U-500, Diovan, Lipitor. What do these products have in common? They are each drugs that have been on the market for years whose prices have recently become grossly inflated. At a time when the phase of investment in research and development for these products has concluded, hunger for financial profits has continued to drive these increases.

You probably have heard about the EpiPen pricing controversy by now. As reported in the *New York Times* on August 25, 2016, the manufacturer, Mylan, has raised the price of a pack of two pens by 500% since 2007, from “little more than \$100” to a current price of \$609. Thanks to a petition launched on the website *Petition2Congress.com* titled “Stop the EpiPen Price Gouging” by Mellini Kantayya (whose husband uses the product), a consumer awareness campaign begun on Facebook by patients and their families, and a Twitter campaign that has gone viral (#EpiGate), this issue is now making national and international headlines.

The reason for this pricing increase is quite simply lack of competition in the marketplace.

To compound the insult of these usurious cost increases comes the necessity to replace EpiPens on an annual basis. According to the manufacturer’s website, the product cannot be considered reliable after

the expiration date on its label—the stated shelf life is approximately 12 months. We should, however, question the built-in obsolescence of products such as these with short shelf lives and ask if expiration dates are determined by scientifically demonstrable decreases in clinical efficacy or by the desire on the part of manufacturers to create increased demand on a more frequent basis.

The issue has come to the attention of congressional leaders including Senator Amy Klobucahr (D-MN), Senator Richard Blumenthal (D-CT), Senator Joe Manchin III (D-WV), Representative Elijah E. Cummings (D-MD), and Senator Charles Grassley (R-IA). It has caught the interest of the Senate Special Committee on Aging, and an inquiry into this issue has been suggested for both the Senate Judiciary Committee and the Federal Trade Commission. Democratic presidential nominee Hilary Clinton as well as her former rival Bernie Sanders have also echoed the importance of this issue. But, in reality, how much can be legislated?

Current systems of cost containment for health care spending fail when they allow:

- Monopolies that lead to usurious price fixing for essential medications,
- Extended patent protections long after a reasonable time has lapsed to recoup research and development costs,
- Pharmacy benefits management companies to strike deals that prioritize products with inflated prices and to pass those inflated prices on to consumers in the form of direct pharmacy costs for those on high-deductible plans,
- Commercial profits to take precedence over bending the curve on health care spending,
- Backroom deals that delay the rollout of competitive product, and
- Offshore corporate relocation for the purpose of financial gain.

The Choosing Wisely campaign has served as a wake-up call for physicians in every medical discipline. Bending the health care spending curve, however, cannot be the burden of physicians alone. As we have targeted ways to reduce expenditures in the last few years, our efforts have been dwarfed by increases in drug costs, health insurance costs, and even by health care systems themselves that seek to maximize billings by exploiting currently allowed processes. To slay this beast will truly require Herculean efforts. Providers cannot do this alone. First and foremost will be to gain the buy in of industry stakeholders including insurers, pharmaceutical manufacturers, regulators, and legislators. It seems like an insurmountable problem and is beyond the scope of a small organization like SGIM to take on. That is not to say our voices cannot make a difference. The recent success of patients’ grassroots efforts to raise awareness regarding these issues should inspire us all.

On September 4, 2016, SGIM Council voted to join a consortium of medical societies, patient groups, pharmacists, and healthcare providers in endorsing The Campaign for Sustainable Rx Pricing (CSRxP). To learn more, go to: www.csrxp.org.