



## Voters Agree On Need To Address High Drug Prices

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Voters across the nation may have varying views on who should be the next president but most agree that whoever wins must address the ever-rising cost of prescription drugs.

Indeed, 74 percent of respondents said that ensuring that high-priced drugs for chronic conditions are affordable for people who need them should be a top priority for the next president and Congress, according to a recent Kaiser Health Tracking [Poll](#).

This is explained, in part, by other research that has found that brand-name prescription drug prices were five to 198 percent higher in America than in the other countries in the Organization for Economic Cooperation and Development (OECD) in all three years studied, 2005, 2007 and 2010.

Per capita spending on prescription drugs in 2013 was \$858, while the average for 19 other developed countries was \$400, another [study](#) revealed.

Some experts, however, said drug prices alone only tell part of the story and that reform will be difficult to achieve.

“There’s no doubt that Americans pay a high price for prescription drugs,” Michael Tanner, senior fellow for the Cato Institute, told AMI Newswire. “But they also get very good prescription drugs, and the United States really does the research and development for the pharmaceutical industry worldwide.”

More than half of all newly patented drugs are discovered in the U.S., which is important to consider when assessing drug prices, Tanner added.

Devon Herrick, health economist and senior fellow for the National Center for Policy Analysis, argued that the public has heard a lot of horror stories of high-priced drugs over the past year, but most drugs are, in fact, economical.

“About 88 percent of the drugs Americans choose are generic drugs now,” Herrick said. “There have been a few cases of prices rising, but the reason for that is that generic drugs are a victim of their own success.”

Many companies are applying to make generic drugs but the FDA is behind on approving them and has a backlog of about 4,000 applications, Herrick said.

“Some of the examples we hear about price gauging on generic drugs are companies that are taking advantage of this backlog, knowing that it could be 2 years, maybe 3, before a competing product might get approved,” Herrick said.

While the backlog has contributed to problems with generic drugs, brand-name drugs and specialty drugs – which account for 11 and 1 percent of drugs on the market, respectively -- are costly because some are new therapy that aren’t available in generic form.

“The problem really lies with specialty drugs,” Herrick said. “Those are the new biologics, (and) we have not managed in the U.S. to really get a handle on biosimilars – generic biologics, for lack of a better term.”

An example of this is insulin, which has been around for many years. The newest insulin has shot up in price by about 400 percent in the last decade of less, Herrick said.

“The reason is there are three major competitors, but when you only have three competitors and when you can’t ramp up production very easily, it becomes a market where it’s susceptible to ... informal collusion,” Herrick said.

Although it is illegal for competitors to collectively agree to raise prices, very little hinders competitors from jacking up prices in response to one of their competitors doing so – the offspring of the lack of competition caused by the government.

Because bringing a new drug to the market is expensive and difficult, once a drug makes it through the approval process, it remains a monopoly for many years, or indefinitely if it is a biologic.

Making the approval process less bureaucratic and less expensive would drive down the costs, Herrick said.

“We still want quality drugs, but it shouldn’t cost \$1 billion to bring a new product to market,” he said.

The overwhelming question that begs to be asked is: What needs to happen for prescription drug prices to drop?

Sixty-three percent of the Kaiser Poll respondents said the top health care priority for the next president and Congress should be ensuring that the government takes action to lower prescription drug prices.

Michael Cannon, director of health policy studies for Cato Institute said the government created the problems that led to high drug prices and now Congress needs to reform the FDA to remove the barriers to generic entry into the market, and repeal the Affordable Care Act (ACA).

“Yes, the prices are rising, but what consumers are really feeling is that the cost sharing for these drugs is rising in Obamacare plans and it is because of the incentives that Obamacare creates that insurance companies are paring back on that coverage,” Cannon said.

What it all boils down to is that the real agents of change are everyday citizens.

“It wasn’t the insurance companies that raised a stink about EpiPen,” Herrick said. “It was consumers going to the drug store and getting hit with a bill for \$600.”