



On Eve of Reform, Drug Makers Jack Up the Prices

By MARA GAY on November 16, 2009 9:23am

Earlier this year, President Obama surprised many by successfully wooing big pharmaceutical companies to support health care reform and save the government \$8 billion over the next 10 years. Now it looks like the industry's willingness to compromise was hardly a sacrifice. The [New York Times](#) reported this weekend that drug makers are raising their prices at a fast rate in anticipation of the health care overhaul. The Times says the price increases are "at odds with the direction of the Consumer Price Index," which is down 1.3 percent from 2008, and found that it would "effectively cancel out the savings from at least the first year of the Senate Finance agreement. And some critics say the surge in drug prices could change the dynamics of the entire 10-year deal." The reaction from commentators — across ideological lines — is unhinged frustration.

- **Capitalists Giving Capitalism a Bad Name** The American Spectator's conservative [Doug Bandow](#), hardly a champion of the Democratic health care bill, says drug makers are giving the free market a bad name. "It is yet another example of how the greatest enemies of capitalism tend to be the capitalists," he writes.
- **Unintended Consequences of Dealing With Big Pharma** A week ago, The New Republic's [Jonathan Cohn](#) predicted price increases after studying a report that predicted that the structuring of the health care bill would create more demand for pharmaceuticals. "You have more demand for name-brand drugs. As a result, IMS believes, pharmaceutical companies would be able to raise their prices — enough to boost revenue significantly: 'If this bill is implemented,' the report concludes on page 138, 'an increase in prices on new drugs can be expected.'"
- **Proof That Big Pharma Owns the Government** [Choire Sicha](#) of The Awl blog is infuriated.

Our elected officials—at best—regurgitate drug lobby talking points on healthcare...Is it a legal problem to say that it is my opinion, though I would do no such thing myself, of course, that the only political answer is that they should all be taken out back and shot? And then dismembered, and the remaining pieces of them shot individually, while every available orifice is filled with Raptiva and Xenical?'

- **Business Is Good** [John Cole](#) of Balloon Juice greets the news with snark. "The Prescription Drug Plan really was fiscal conservatism at its best," he writes.
- **Just Like Wall Street** The [Prairie Weather](#) blog says the drug industry is as audacious as the Wall Street bankers who played nice with the government when they were worried about regulation and then pushed the cost of their deal onto taxpayers. "Just as the banks are doing with credit, the pharmaceutical industry is hastily raising its prices before the new health reform package kicks in."

The Debate

[Greed](#) [Doug Bandow](#), The American Spectator
[The Sweetheart Deal](#) [Jonathan Cohn](#), The New Republic
[Drug Pushers Own Government](#) [Choire Sicha](#), The Awl

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