

A surfeit of drug riches and the problems caused

By ACSH Staff — April 16, 2012

Last Friday, [The New York Times](#) [1] featured a front-page story that raised some interesting questions about the availability and accessibility of expensive new drugs. Unlike pills for high blood pressure or elevated cholesterol, newer therapies for diseases such as some types of cancer, rheumatoid arthritis, multiple sclerosis, and inherited disorders, can cost tens or even hundreds of thousands of dollars annually. Called specialty drugs, these medications fill otherwise unmet medical needs. Frequently they are biological treatments consisting of proteins and antibodies which are much more complex and expensive to produce, and are administered by injection.

Some insurance companies wish to charge higher co-pays to patients who require these expensive drugs up to 20 or 35 percent of the drug's total cost, which can easily surpass ten thousand dollars per year. But lawmakers in at least 20 states are working to counter these increases, introducing bills that would cap out-of-pocket payments for patients who need these expensive medications. While the pharmaceutical trade association opposed these caps, some drug companies, in fact, have been supporting these new measures, since higher co-payments discourage patients from taking the companies' drugs in the first place. But insurance companies, of course, are fighting back, arguing that reducing patients' out-of-pocket payments will force the insurers to charge higher premiums for all subscribers.

There is no easy solution to this problem, notes ACSH's Dr. Gilbert Ross. Drug companies, of course, need to show a profit, at least some of which goes toward developing newer, more effective and in some cases, even cheaper treatments. This process is enormously expensive, and much of the cost gets passed on to consumers. But, he adds, when you have a patient who is asked to pay tens of thousands of dollars for an essential drug, there are, of course, going to be many who will not be able to afford it.

ACSH's Dr. Josh Bloom observes that this is a problem we'll be forced to deal with frequently in the future. The good news is that we have these new, effective therapies, he says. The real question, now, is how it will be possible if it can be made possible at all for everyone who needs them to have access to them.

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