

The New York Times takes your breath away

By ACSH Staff — October 16, 2013



[1]An [article in](#) [2] the Oct. 12th *New York Times* takes an astounding

3800 words to make one point: Drug companies are charging much more (too much?) for their products in the U.S. compared to other parts of the world.

Duh.

This is anything but news, yet Elisabeth Rosenthal uses the imagery of asthmatic children struggling to breathe to lambaste drug companies for their predatory pricing. But the story is certainly not news. Rather, it is apparently an attempt to influence U.S. policy makers to copy the economic models in Europe, where prices are government controlled.

ACSH's Dr. Josh Bloom warns, Be careful what you wish for. Although the prices in Europe are certainly attractive, especially for people here struggling to pay for their medications, the unintended consequences of adopting such a system here would be huge.

For many years, the US has been subsidizing much of the world by providing drugs much more cheaply to countries (primarily Europe and Canada) that have price controls, than to our own residents. This worked, at least financially, because drug companies could recoup their enormous drug development costs by charging high prices here and selling the same drugs for far less in other parts of the world.

Although this may strike many people as unfair, it was nonetheless the economic model that sustained the industry and provided the profits required to discover and develop new drugs.

Dr. Bloom adds, When economic conditions change, drug companies, just like other companies, will respond in a way to keep their revenues intact. For example, the pharmaceutical industry has now mostly fallen off the patent cliff, where virtually all blockbuster drugs (\$1 billion or more per year in sales) are now generic Lipitor and Plavix being well-known examples. But, in order to offset this unprecedented, massive loss of revenue, companies rapidly abandoned many less lucrative therapeutic areas (antibiotics being the prime example) to focus on very expensive biologics (injectable drugs including proteins and vaccines) at the expense of small molecules (traditional pills).

He continues, You couldn't find a better example than the list of drugs that were approved in 2012. Of the 39 approved drugs, 11 were for cancer and several others were orphan drugs those for very

small patient populations. And their average cost is about \$200 thousand per year. How our insurance system will pay for these (or not) is anyone's guess.

So, the era of people complaining about spending a few hundred dollars per month for their Lipitor is over, only to be replaced by a whole new model with its own set of problems.

According to *The Times*, Several insurers and drug-benefit managers say they are already taking steps to try to rein in the cost of specialty drugs. They are requiring prior approval for high-price drugs or asking patients to try older, less expensive treatments first.

In other words, says Dr. Bloom, rather than getting a first line treatment for your cancer, you will have to try a 50-year-old drug combination first. Then, when this fails, perhaps you will have access to the better drug if it's not already too late. People aren't going to be especially delighted with this. It is medical rationing at its finest.

Rosenthal's piece tugs on emotions, and does a very effective job at it. After all, who could possibly deny poor children their lifesaving asthma drugs? But addressing this complex issue by slapping price controls on US drugs is a short-term fix with long-term consequences that will be disastrous. Drug discovery will grind to a halt, and unmet medical needs, such as progress in treatments for Alzheimer's and Parkinson's will remain unmet.

The perfect example of the consequences of a bad policy took place in the mid-1990s, when the FDA for no good reason decided to seriously ramp up the clinical requirements for new antibiotics, making trials prohibitively expensive and time-consuming. The result drug companies dropped out of the area leaving us with a full blown (and still developing) crisis where we are seeing common infections become resistant to formerly-effective antibiotics, sometimes leaving doctors with nothing to treat certain infections.

Dr. Bloom concludes, Although this situation is very bad for people who are just struggling to stay afloat, including those without prescription drug insurance who are in need of affordable drugs, a short-sighted, politically-based, or just plain stupid attempt to address this problem will create far worse problems than it solves.

COPYRIGHT © 1978-2016 BY THE AMERICAN COUNCIL ON SCIENCE AND HEALTH

Source URL: <https://www.acsh.org/news/2013/10/16/the-new-york-times-takes-your-breath-away>

Links

[1] <http://acsh.org/wp-content/uploads/2013/10/Screen-Shot-2013-10-16-at-12.59.33-PM.png>

[2] http://www.nytimes.com/2013/10/13/us/the-soaring-cost-of-a-simple-breath.html?_r=0