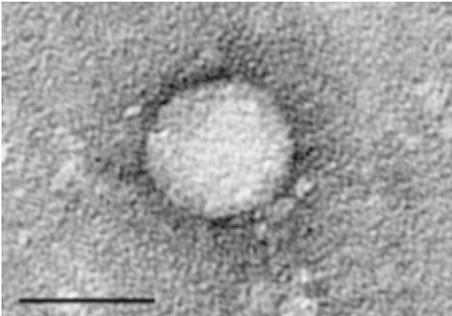


Are expensive but lifesaving new drugs worth it? Waxman says no.

By ACSH Staff — July 29, 2014



The recent approval and marketing of Gilead's hepatitis-C

drug, Sovaldi, has spurred a revolt against expensive new drugs at least, among certain Congressmen already well-known to be opposed to Big Pharma, whatever its contributions. California's Rep. Henry Waxman (joined by WV's Jay Rockefeller, both Democrats) has often expressed his opinions about the predations of the pharmaceutical industry, and the news that the highly-effective anti-viral Sovaldi would cost, on average, about \$84,000 for a typical curative regimen sent him into a tizzy of outrage. His ire was fomented by a few consumer groups, specifically the Medicare Rights Center and Social Security Works. He, and they, resumed their calls for price negotiations between pharm companies and Medicare, the effect of which would be to dramatically reduce the price and out-of-pocket costs of drugs for seniors. This tactic had been specifically removed from the discussions leading to the creation of the Affordable Care Act (Obamacare), a deal-breaker for the pharmaceutical companies.

The fact that such profit-reductions, amounting to *de facto* price controls on new medicines, would have a chilling effect on new-drug research and development, inevitably leading to fewer innovative drugs in the future, seems to have not sunk in as far as these lawmakers are concerned, despite the repetitive nature of the discussions dating from 2004. In fact, in an essay entitled [Sacrificing the Grandkids for Grandma](#) ^[1] written in 2004, we pointed out this specific concern. As for the specific, demagogue-ready topic of the price for Sovaldi, we also [recently discussed](#) ^[2] the rationales for this high price: the huge cost-savings to be gained by avoiding the disastrous health and economic costs of non-treatment, as well as the [massive R&D investments](#) ^[3] required to pay for the many, many investigational drugs that fail to make the FDA-approval grade, earning nothing (actually accruing losses) for the company.

ACSH's Dr. Gil Ross commented: The [Congressman notes](#) ^[4] that we could save money...and not ask seniors to pay more by these price-fixing arrangements; he also contributed that price negotiations are something many Americans support. Sure they do! Who would be against saving grannie and gramps money now! Certainly not politicians, who are very well aware that A-seniors vote early and often; and B-while this policy would be short-sighted and lead to stagnation in new

drug development, to them, long-term means as far away as the next election: why would they care about drugs for their children or grandchildren when there s an election to be won, now? If this approach held sway, the innovations that saved millions from AIDS and coronary heart disease HIV drugs and statins, just two examples would likely have come much later, or never. This short-term savings is a reverse mortgage on the health of generations to come, and should be discarded as the political sound-bite it is.

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[1] <http://acsh.org/2004/03/sacrificing-the-grandkids-for-grandma/>

[2] <http://acsh.org/2014/03/sovaldi-84000-still-quite-bargain/>

[3] <http://acsh.org/2014/05/hepatitis-c-drugs-expensive/>

[4] <http://www.medpagetoday.com/PublicHealthPolicy/Medicare/46951>