

Want a sensible take on the pharmaceutical industry? Listen to Robert Popovian

By ACSH Staff — June 26, 2015



There are very few issues as complicated and controversial as those

involving the pharmaceutical industry.

Adding to the misplaced, visceral hatred that is evoked by even the mention of drug companies, is a profound misunderstanding of what really goes on inside them. Yet when given even a remote idea of both the difficulty of discovery of medicines, and their value to, many people begin to change their minds.

ACSH's Dr. Josh Bloom, a 27-year veteran of drug discovery research, has written frequently about the disconnect between public perception and reality, including a [Science 2.0 piece](#) ^[1] entitled, Drug Discovery Even When You Win, You Can Still Lose. In it, he describes the enormous, 15-year effort by two drug companies, Vertex and Schering-Plough, to discover the first specific antiviral therapy for the very serious viral infection hepatitis C.

They both succeed scientifically. However, their drugs, which were both approved in 2011, did not. Vertex probably recouped its costs, possibly even making a profit. Schering-Plough now part of Merck got slaughtered financially, and will never come close. Neither drug is even being sold anymore.

ACSH friend, Dr. Robert Popovian, the Senior Director of Healthcare, Science and Economic Advocacy and U.S. Government Relations at Pfizer, is arguably one of the world's premier experts in all aspects of the industry, from early stage discovery to development, as well as innovation, economics, and government policy.

Popovian has written a very sensible and easily understood [op-ed](#) ^[2] for *Morning Consult* entitled *Sound Policy and not Rhetoric will Fix Healthcare Cost Woes*, in which he very clearly explains the big picture of the impact of new drugs, arguing that despite high drug prices, the astounding advances we have seen in recent years will actually reduce ~~save~~ healthcare costs rather than add to them.

Popovian writes, "The spectacular headlines about unsustainable drug prices' could leave the impression that pharmaceutical companies are to blame for all of the ills associated with healthcare financing in the U.S. The truth is a bit more subtle and far less headline grabbing.

This is something we face virtually everyday at ACSH headlines that are either confusing or intentionally misleading, no doubt the product of the success of sensational headlines in the media.

Popovian argues that simply looking at the cost of new drugs will skew the issue so badly that any conclusions derived from such oversimplified analysis will invariably be flawed, or simply wrong.

He writes: "One needs to analyze prices of pharmaceuticals in the context of a highly competitive healthcare ecosystem where prices fluctuate based on competitors in the marketplace, the impact of pharmaceuticals on overall healthcare costs and finally, the quandary of how best to evaluate cost, the benefit or cost, or the value of pharmaceuticals. The healthcare system would be better off in the long run if we scrutinized not just the costs of drugs, but also the benefits and compared them to the investment in other healthcare services.

Popovian also uses the breakthrough treatments in the hepatitis C area to make his point: "For the last 12 months, the bogeyman fingered by payers for reductions in services, increases in premiums and ballooning out of pocket costs for healthcare has been the price tag for the newly discovered cure for hepatitis C. Since Sovaldi the first of (now) several drugs that reliably eradicate (cure) the infection was originally priced at \$1,000 per pill (\$84,000 for a full course) it is not surprising that Gilead, the maker of the drug, would find itself directly in the crosshairs of individuals or groups that have perennial bone to pick with the industry.

But, all is not what it seems. Popovian says, "The truth is that as soon as competition was introduced in this market via an equally efficacious biopharmaceutical, the negotiated prices for these medicines dropped by greater than 50 percent. I must have missed the story noting the impact of competition.

Digging deeper, he explains, [M]edications [are] associated with a 27 percent reduction in cardiovascular health care costs, and for every dollar spent on diabetes medicines we spend \$7 less on diabetes services elsewhere ! [p]erhaps the most compelling is the notation from the Centers for Disease Control (CDC) that the use of new drugs and expanded use of existing drugs are identified as one of the factors that has driven the death rate down by 60 percent over the last 75 years.

Always pragmatic, Popovian notes, "We are at the cusp of a great revolution in drug discovery and development. Great strides have been taken in Congress recently to support this endeavor through the 21st Century Cures Initiative. It is time to end the blame game. Put all of the healthcare marbles on the table and evaluate which ones bring the best value.

If you really want to know what is going on in the world of drug innovation, and understand the consequences of this innovation, there is no one who knows this better. This is a must-read.

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