Isn't it time we stopped paying such high prices for prescription drugs?
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How much longer will we let drug makers stymie efforts to win affordable medications for all Americans by falsely insisting that high prices are essential to finance breakthrough research?

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Q. Americans will spend some $250 billion on prescription drugs this year, about one-half of worldwide total spending. Since we are only about five percent of the world's people, aren't we already spending enough to cover all Americans?

Q. Drug makers insist that high U.S. drug prices generate the revenue and profit that makes the U.S. drug industry the most innovative in the world. But the British, French, German, Swedish, Italian, Swiss, and other nations' drug makers also charge high prices and generate high revenues and profits in the U.S. market. So even if the U.S. industry were the most innovative (and that's debatable), what does that have to do with high U.S. prices — which benefit all the world's drug makers?

Q. If the U.S. has produced many breakthrough drugs, isn't high NIH research investment the likeliest reason — since that is what differentiates the U.S. from other nations?

Q. Why have proposals to import medications from Canada attracted so much public and political attention? And if Congress approves the importing of Canadian drugs, will that allow in enough to make medications affordable for all Americans? Or will there be so many regulatory strings that it doesn't help much?

These questions could be posed to PhRMA, individual drug makers, Centers for Medicare and Medicaid Services chief Mark McClellan, prescription drug reform advocates (including proponents of importing drugs from Canada) and drug policy experts.

Here are some facts: Drug makers' U.S. prices for brand-name drugs are highest in the world, by far. Drug spending's share of U.S. personal income rose by 50 percent in the four years from 1998 to 2002 alone. Since 1994, drug spending itself has been doubling every five years. (As a benchmark, it's greater than one-half of defense spending this year.) At the same time, some 75 million Americans-one-quarter of us-have no insurance coverage for prescription drugs.

Drug makers claim that cutting their high U.S. prices would damage innovative research. But drug makers have already adopted excessively conservative strategies to buttress their revenues and profits. They have already been investing too little in risky breakthrough research to find cures for Alzheimer's, arthritis, and atherosclerosis (just to name a few of the A's). Instead, they've been investing
about one-half of their research dollars in me-too or copycat drugs, to try to cash in on someone else's good idea. To bolster their revenues and profits, they rely excessively on marketing and advertising, and on raising prices on existing drugs. These are all very conservative strategies. By adopting them, drug makers indicate that they know that U.S. price cuts are inevitable, so they've already taken steps to protect themselves from the shock. Now they're just bringing in a few more rich harvests before the price control storm hits. And we're letting them.

We face a choice: Continued suffering for lack of needed meds; higher spending; or reform. The challenge of reform, of course, is to cover everyone affordably while bolstering breakthrough research.

This requires a prescription-drug peace treaty. In return for cutting prices, drug makers should be rewarded with higher volume, and favorable payments for genuine breakthrough drugs. Drug makers should now cut a deal along these lines, while they still enjoy great political influence and some residue of public respect and credibility. Otherwise, a few years from now, the public just might elect the angriest Congress in history — one that will slash drug prices unilaterally.

Given the low marginal or incremental cost of making more pills, it's an avoidable tragedy that so many Americans suffer greatly and die prematurely for lack of needed medications.

This low marginal cost, combined with today's high overall spending on drugs in the U.S., should make winning affordable medications for all Americans the easiest job to tackle in our nation. Not easy — just easier than all the others.

From this viewpoint, the debates about generic drugs, patent duration, importing from Canada, drug company free drug programs, and similar small reforms are essentially sideshows. Although they absorb much energy and attention, they don't do enough to make medications affordable for all.

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