Prof sees need for legislation on drug prices

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The pharmaceutical industry must reach a peace treaty with the federal government over rising drug costs or face an angry Congress that may set price controls, according to Alan Sager, a Boston University School of Public Health professor.

His proposal calls for legislation to force deep cuts in existing prices, which would be offset by an increase in prescriptions. To compensate drug makers for any remaining loss of revenue, a deal would also include government subsidies for the poorest consumers.

Other details include setting bounties the government would pay a company for developing a cure; halting research into copycat drugs; eliminating most marketing programs; and allowing drug makers to identify a minimum profit below which research would suffer.

"Business as usual is not sustainable," said Sager, who outlined his concept at a pharmaceutical industry conference yesterday in Jersey City that was sponsored by Defined Health, a research firm. "This would make medicines much more affordable for everyone."

His remarks come at a tumultuous time for drug companies, which face mounting criticism over drug prices. This week, a slew of Medicare discount cards debuted as a first step in a federal program to make medicines more affordable for uninsured seniors.

This isn't the first time that Sager, who heads Boston University's Health Reform Program, has prodded drug makers. A frequent industry critic, he recently released a report purporting to show reimporting drugs from Canada would boost profits in the long run.

In its defense, the pharmaceutical industry argues that any form of price controls would threaten the profits needed to fund basic research. Ultimately, drug companies say this would lead to a loss of investment and jobs in the United States, where much research is conducted.

In explaining his proposal, Sager rejected that argument. He contended high prices are not the reason drug makers are increasingly locating laboratories here. Instead, he pointed to a well-educated population and large numbers of federal grants for research.

"Profits are not the issue. I don't want to lower anyone's profits. The issue here is reform, which is inevitable," Sager said. "Right now, the basic belief in the value of medicines is being called into question by high prices. And if the pharmaceutical industry remains intransigent on price, it will erode its credibility."

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