

Drug Price Gouging: When Will It End?

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Price gouging. There's no other name for it. In recent years, many in the pharmaceutical industry have embarked on a largely unfettered campaign of drug price gouging. *American Family Physician* contributing editor Allen Shaughnessy, PharmD, outlines many examples in the accompanying editorial on this topic.¹ Michael Munger, MD, president-elect of the American Academy of Family Physicians (AAFP), has blogged about unreasonable drug prices and their adverse effects on patients,² as has Richard Bruno, MD, MPH, last year's resident representative to the AAFP Board of Directors.³ And recently, the AAFP joined the Campaign for Sustainable Rx Pricing (<http://www.csrpx.org>), a coalition representing consumers, health care professionals, insurers, and hospitals, to seek solutions to lower drug prices.⁴

The Trump administration has promised to negotiate a reduction in the price of prescription drugs, despite the fact that Medicare is prohibited from any attempts to negotiate or determine drug prices.⁵ How this potential response to the problem plays out remains to be seen.

The Pharmaceutical Research and Manufacturers of America has touted (1) market-based and (2) value-driven strategies to address the issue of drug pricing. My concern is that these are code words for (1) charge as much as the market will bear, and (2) pay especially exorbitant prices for drugs that treat serious diseases. Cancer drugs are leading this charge, with many costing \$100,000 to \$200,000 per course of treatment, despite some having only marginal benefit, at best.⁶⁻⁹

The system seems structurally flawed and designed to maintain perverse incentives. There is a disconnect among patients who foot the bill, physicians who prescribe treatments, often without knowing the cost to a particular patient, insurance companies that must decide whether to cover the cost of a drug (and have an incentive not to), and the pharmaceutical industry. The latter is in part motivated by profit, and has an incentive to exaggerate the cost of research and development while defending ever-increasing drug prices.

Of additional concern, the U.S. Food and Drug Administration's (FDA's) role in safeguarding the drug supply may be at risk because of the current administration's

plan to have the FDA approve drugs that seem safe but whose effectiveness has not been proven.¹⁰ This would take us back to the days of snake oil, only at greatly increased expense, when products could be promoted without proof that they worked.

Price gouging will end only when the structural elements responsible for the unchecked costs of drugs are addressed in a systematic way. Until this happens, the inexorable rise in drug costs, now at 2% of our gross domestic product,¹¹ will continue.

EDITOR'S NOTE: Dr. Siwek is editor of *American Family Physician*.

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