



BUSINESS NEWS

Defying Trump, drugmakers hike prescription drug prices for 2019

The United States has higher drug prices than in other countries where governments control the costs, making it the world's most lucrative market.



A technician stocks pharmacy shelves in the White House Clinic in Berea, Kentucky, on February 7, 2018.

Bryan Woolston / Reuters file

Jan. 2, 2019, 8:06 AM MST

By Reuters

Nearly 30 drugmakers have taken steps to raise the prices of their medicines in January, ending a self-declared halt to increases made by a pharma industry under pressure from President Donald Trump.

The hikes, as seen in documents viewed by Reuters, will pose a new challenge to Trump's pledge to lower the costs of prescription medications in the world's most expensive pharmaceutical market.

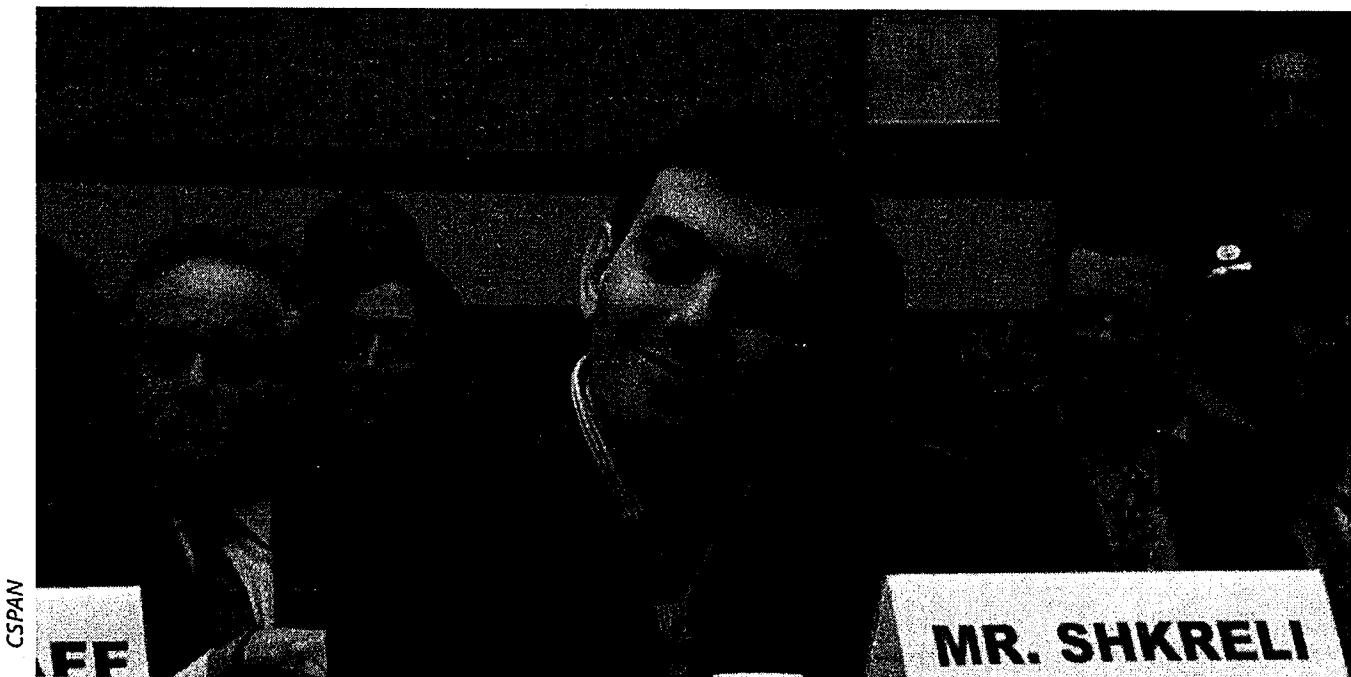
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Drug made famous by Shkreli's 5,000% price hike is still \$750 a pill

Medicaid paid an average of \$35K for each prescription of Daraprim.

BETH MOLE - 5/4/2018, 8:55 AM



Enlarge / Martin Shkreli, former CEO of Turing, smirked his way through a Congressional hearing.

Disgraced ex-pharmaceutical executive and hedge fund manager Martin Shkreli is now behind bars, facing a seven-year prison sentence for securities fraud. Yet the drug-price hike that initially thrust him into the public spotlight—and infamy—hasn't budged, according to a sobering report by *Kaiser Health News*.

The outlet points out that the retail price for Daraprim (pyrimethamine) is still \$750 a pill, up more than 5,000 percent from its previous price of \$13.50 per pill. Worse yet, it's not the only such case. In 2015 alone, more than 300 generic drugs saw prices increase by more than 100 percent.

FURTHER READING

It's 7 years in prison for Martin Shkreli, convicted of fraud

Drug prices are "easy to raise and harder to lower, particularly if there's no competition," Nicholson Price of University of Michigan Law School told *KHN*.

Science News

from research organizations

Rising drug prices linked to older products -- not just newer, better medications

Date: January 7, 2019

Source: University of Pittsburgh

Summary: Drug companies cite R&D as the reason for ever-increasing drug prices, but a new study shows it's actually price hikes on older drugs that's driving the trend.

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FULL STORY

It's no secret that drug prices are increasing, but to what extent are rising costs explained by the advent of newer, better drugs? A study from the University of Pittsburgh and the UPMC Center for High-Value Health Care found that new drugs entering the market do drive up prices, but drug companies are also hiking prices on older drugs.

The paper, published in the January issue of *Health Affairs*, shows that for specialty and generic drugs, new product entry accounted for most of the rising costs, whereas for brand-name drugs, existing products explained most of the cost increases.

"It makes sense to pay more for new drugs because sometimes new drugs are more effective, safer or treat a new disease you didn't have a treatment for. Sometimes new drugs do bring more value," said lead author Inmaculada Hernandez, Ph.D., assistant professor at the Pitt School of Pharmacy. "But the high year-over-year increases in costs of existing products do not reflect improved value."

The researchers examined the list price of tens of thousands of drug codes from a national database between 2005 and 2016 and UPMC Health Plan pharmacy claims over the same time period. Drugs were considered "new" for the first three years they were available, or in the case of generics, the first three years after patent expiration.

What they saw was that each year the price of brand-name oral medications increased by about 9 percent -- nearly five times the rate of general inflation over the same time period -- and the price of brand-name injectables increased by 15 percent. In both cases, soaring prices were overwhelmingly attributable to existing drugs.

For instance, the list price for Sanofi's Lantus brand insulin increased by 49 percent in 2014. Lantus had been on the market for more than a decade.

Drug company raised price of lifesaving opioid overdose antidote more than 600 percent

Ken Alltucker, USA TODAY

Published 6:34 p.m. ET Nov. 19, 2018 | Updated 4:00 p.m. ET Nov. 20, 2018



(Photo: Bebeto Matthews/AP)

As the nation struggled with the rising number of opioid deaths, a private drug company increased the price of an overdose antidote more than 600 percent, a Senate subcommittee says in a new report.

The increase has cost the federal Medicare and Medicaid health programs more than \$142 million since 2014, according the Homeland Security permanent subcommittee on investigations.

Richmond, Virginia-based Kaleo increased the price of its auto-injectable overdose-reversal drug ([/story/opinion/2018/05/16/opioid-crisis-drug-makers-jack-up-naloxone-prices-putting-beyond-reach-those-trying-rescue-overdose/611871002/](https://www.hsgac.senate.gov/imo/media/doc/Naloxone%20Report%20Final%20with%20Annex1.pdf)) EVZIO from \$575 to \$4,100, the subcommittee reported.

The company also changed its sales strategy and encouraged doctors to complete paperwork identifying it as a medically necessary drug, allowing them to bypass potentially cheaper generic versions of naloxone, the subcommittee reported. (<https://www.hsgac.senate.gov/imo/media/doc/Naloxone%20Report%20Final%20with%20Annex1.pdf>)

Sen. Rob Portman, R-Ohio, who chairs the subcommittee, blasted the price hike.

"The fact that one company dramatically raised the price of its naloxone drug and cost taxpayers tens of millions of dollars in increased drug costs, all during a national opioid crisis, is simply outrageous," Portman said in a statement.

Kaleo defended its pricing Monday. The company said its donated kits have saved thousands of lives. It also said it has never turned a profit.

"We believe patients and physicians should have meaningful choices," the company said in a statement. "There is no doubt, the complexity of our healthcare system has had unintended negative implications for everyone involved, but most importantly, for patients. To this end, we explored viable paths within the current healthcare system to make EVZIO available to patients in a responsible, meaningful and affordable way."

Naloxone, an opioid overdose-reversal drug available since the early 1970s, has been in great demand to slow an epidemic that kills more Americans every year than motor vehicle crashes. The U.S. Surgeon General and states across the nation have encouraged policies to widely distribute the drug.

Private drug companies have responded to the crisis with newer, easier-to-use versions of the drug.

EVZIO was launched in 2014 at a wholesale price of \$575 per kit.

Adapt Pharma gained approval the following year to sale a nasal version of naloxone called Narcan ([/story/news/nation/2018/09/11/schools-fighting-opioid-epidemic-overdose-reversal-drug-naloxone-narcan/1210383002/](https://www.hsgac.senate.gov/imo/media/doc/Naloxone%20Report%20Final%20with%20Annex1.pdf)), and set the wholesale price at \$125 per kit.

The subcommittee focused on the price of EVZIO because it increased so sharply and because the sales strategy that relied on reimbursement from private and government insurance plans.

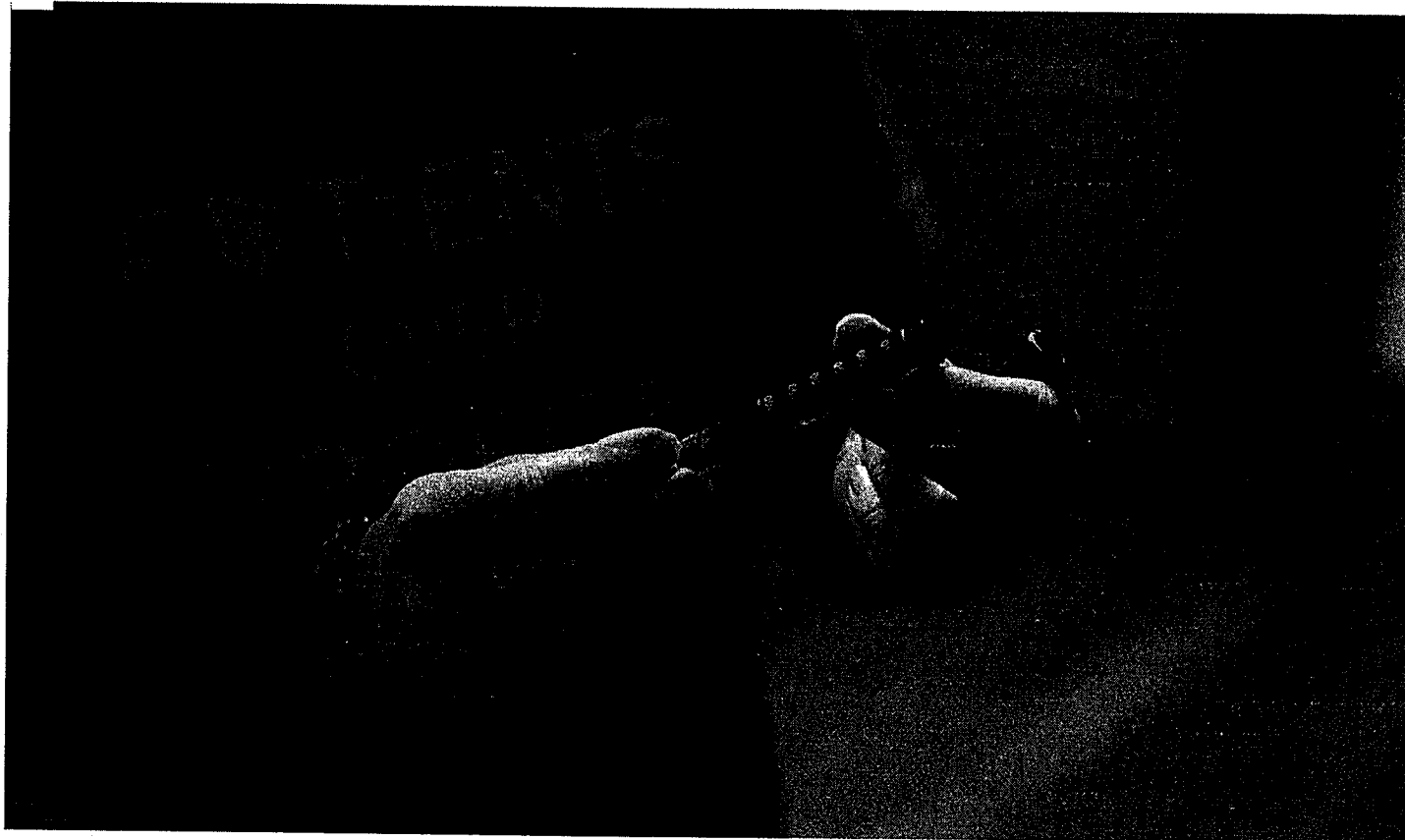
The subcommittee said the company relied on a private consultant to implement the new sales strategy, which included dropping contracts with private Medicare plans and Medicaid, the federal-state insurance program for low-income and disabled residents.

That decision freed the company from administrative costs and rebate payments.

The company collected an average payment of \$609 per kit in 2015. After raising the price and adapting the new sales strategy, the company collected from Medicare an average of \$3,854 per kit.

The company paid \$10.2 million to the private consultant who suggested the new approach, the subcommittee said.

"Kaleo's more than 600 percent price increase of EVZIO not only exploits a country in the middle of an opioid crisis, but also American taxpayers who fund government-run health care programs designed to be a safety net for our country's elderly and most vulnerable," the subcommittee reported.



Struggling to stay alive: Rising insulin prices cause diabetics to go to extremes

The escalating cost of insulin has desperate diabetics rationing medication, acquiring the drug from friends or getting it from Canada or Mexico.

Ken Alltucker, USA TODAY

Updated 10:57 a.m. MDT Mar. 22, 2019

Meaghan Carter died alone on the sofa of her suburban Dayton, Ohio, apartment last Christmas.

Like most people with Type 1 diabetes, the 47-year-old nurse had a kit of essential supplies within reach. It contained two empty vials of her preferred insulin, a partial vial of inexpensive Walmart insulin and a half-filled container of testing strips to measure blood glucose levels.