

"Drug Costs vs. Charges: You Can. Should You?"

Vincent F. Maher, JD, MSN

George V. Priovolos, Ph.D

Ms. Elisabeth J. Maher, MSN PMHNP-BC

Barbara Cohen, PhD, JD, RN

Abstract

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- Pharmaceutical manufacturer Mylan increased the cost of Epi-Pens by 400 percent. The new list price for a two-pack of EpiPens is just above \$600 which charge was just over \$100 when Mylan acquired the product in 2007. The company's CEO, Heather Bresch, whose salary was \$2.4 million in 2007 also raised her salary to 18 million dollars per year. Her acts recapitulate those of former Turing Pharmaceuticals CEO Martin Shkreli who imposed drug charge increases from \$13.50 to \$750 a pill for the price of Daraprim, a medication used by HIV patients, and also of his recommended increases in executive compensation by Turing following his departure. Mental health outpatient drug costs have risen roughly 20% a year in each of the past 5 years for which national data are available (1996-2001). Antipsychotic drugs billed to Medicare have risen 71% in recent years. Based on media reporting and social media response to these actions, there seems to be a default setting in most people's psyches that cost and charge are supposed to resemble some unspoken reasonable relationship to one another and are not to enter the realm of beyond the pale or even of obscenity. Most would agree that the one producing a product is entitled to a profit. How much profit and its reasonableness are two entirely different issues and not infrequently evade norms on many number of levels. Choice differentials are utilized by consumers pertaining to transportation, housing, education medication and recreation: first class and economy seats will get you to the same place as will a Rolls Royce or a Vespa. Generic versus brand name ibuprofen will provide analgesia. Consumers make a choice. The process of research, price setting and charges practices are typical in the pharmaceutical industry. When speaking of life saving medications however, such differentials are rendered moot and necessarily, many would argue, become the object of public policy scrutiny. Specifically, one needs a particular medication when one needs it or one dies. There isn't an alternative for those who need products like Epi-Pens, Daraprim or Naloxone. This paper will examine contemporary cost versus charge as applied to commonly used medications and to those that are life-saving and with limited markets, the funding of pharmaceutical research, the impact of direct to consumer advertising, the issue of executive compensation, the realities that legislators around the world have engaged in to remove the immediate charges of emergency medications from the individual to the public realm and product branding issues faced by the manufacturer. The authors propose recommendations for Nursing and public health advocacy in this regard..
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- Key words: ethics, policy, pharma, costs, charges, executive compensation, drug urgency

Mental Health Medication

- Mental health outpatient drug costs have risen roughly 20% a year in each of the past 5 years for which national data are available (1996-2001).
- Antipsychotic drugs billed to Medicare have risen 71% in recent years

Epi-Pens

- Epi-Pens are injectable units of epinephrine utilized in emergency allergic reaction/anaphylactic situations.
- Currently, the product has a shelf life of 18 months.
- Shelf life has been an ongoing point of contention with the product.
- Mylan acquired Epi-Pen product in 2007 and increased the cost of Epi-Pens by 400 percent from \$100 to \$600.
- Heather Bresch, CEO, whose salary was \$2.4 million in 2007 raised her salary to 18 million dollars per year.
- Ms. Bresch is the daughter of Joe Manchin the senior Senator from West Virginia

Daraprim

- Turing Pharmaceuticals CEO Martin Shkreli imposed drug charge increases from \$13.50 to \$750 a pill for the price of Daraprim, a life – saving medication used by HIV patients
- He also recommended increases in executive compensation by Turing that were implemented following his contentious departure

The sneaky price increase of essential drugs

- Albuterol, one of the oldest and effective asthma medications costs \$50- 100 dollars per inhaler in the USA. The cost with insurance is about 35-40 dollars
- In the early 2000s, Albuterol was \$15 dollars per inhaler.
- What happened? It was re-patented. So, too, have many other drugs
- CNN reports that Americans are spending about 20% more on prescription drugs in 2016 than in 2013.

House Committee on Oversight and Government Reform reported

- Albuterol increased 4,014% in price from \$11 to \$434 for a bottle of 100 2 mg tablets
- Doxycycline hyclate increased 8,281% for a bottle of 500 100 mg tablets from \$20 to \$1849
- Glycopyrrolate increased 2,728% in price for a box of 100 0.2mg/mL, 20 ML vials from \$65 to \$1277

Implications for Nursing Practice

- Education pertaining to pricing. It's important for practitioner to actually know the cost of the medications they prescribe
- Are there alternatives for prescribers?
- Are there available generics?
- Can a drug that has been on the market for a longer period of time get the job done rather than the newest product on the market?
- Nurses as political activists to reduce the price of drugs

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The authors

- Vincent Maher is a professor of management and health care management at Iona College, NY. He is also a nurse educator
- George Priovolos is a professor of marketing and international business at Iona College, NY
- Elisabeth Maher is a psychiatric nurse practitioner at Westchester Medical Center, Behavioral Health Center. She is also a nurse educator
- Barbara Cohen is a professor health care management at Berkeley College, NY and is also a nurse educator