

Pharmaceutical Price Hikes Prompt Senate Action

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The desire to reduce healthcare costs may have finally reached critical mass with the latest drug price hikes, prompting a U.S. Senate panel to launch an investigation regarding the ethicality of such increases. The Senate panel's actions come after several recent drug acquisitions resulted in an [exponential increase in prices](#), including the 5000 percent price increase of Turing's Daraprim, a toxoplasmosis drug, and the 600 percent price increase of Valeant's Nitropress, a blood pressure treatment. By initiating a drug pricing task force, the panel hopes to push for new legislation [regulating the price](#) of pharmaceuticals.

While the American public has criticized price increases as unconscionable, drug manufacturers argue that the price increases reflect the drugs' true market value. The current [cost of bringing a drug to the market](#) hovers in the billions of dollars over a period of approximately 14 years, reflecting a drug development process riddled with inefficiency, rising costs, and a high risk of failure. According to one study, only [11.8 percent of drugs](#) receive regulatory approval after clinical testing, a figure that is half the rate of drug approvals in the 1990s. Others attribute the rising prices to [patent cliffs](#)—the expiration of patents for breakthrough drugs developed in the pharmaceutical Golden Age—as well as to increased regulatory measures set forth by a more risk-averse FDA.

However, these arguments qualifying the rise in drug prices [may not completely add up](#). For example, Turing has emphasized that the recent increase of Daraprim from \$1 per pill to \$750 per pill reflects the costs of research for improving the drug, yet some health professionals claim that this research does not even appear to be necessary, as the drug is well tolerated with little side effects, and there is little patient demand for an improved drug.

The price hikes have further become a [talking point in the current presidential election](#), as Democratic candidates Sanders and Clinton, and even Republican candidate Trump have begun to capitalize on growing public resentment. While Sanders is the lone candidate to explicitly campaign for pharmaceutical price controls, there is a general theme of a “broken” drug market. Promoting greater transparency in pricing decisions and comparative drug effectiveness may indeed provide the primary ingredients for a better functioning market, as well as a win for the Senate panel.