



Avik Roy [Follow](#)

President, The Foundation for Research on Equal Opportunity (@FREOPP). Editor @ForbesOpini...

4 days ago · 2 min read

Helping Consumers Understand High Prescription Drug Prices



The affordability of prescription drugs is an increasingly serious problem for millions of Americans.

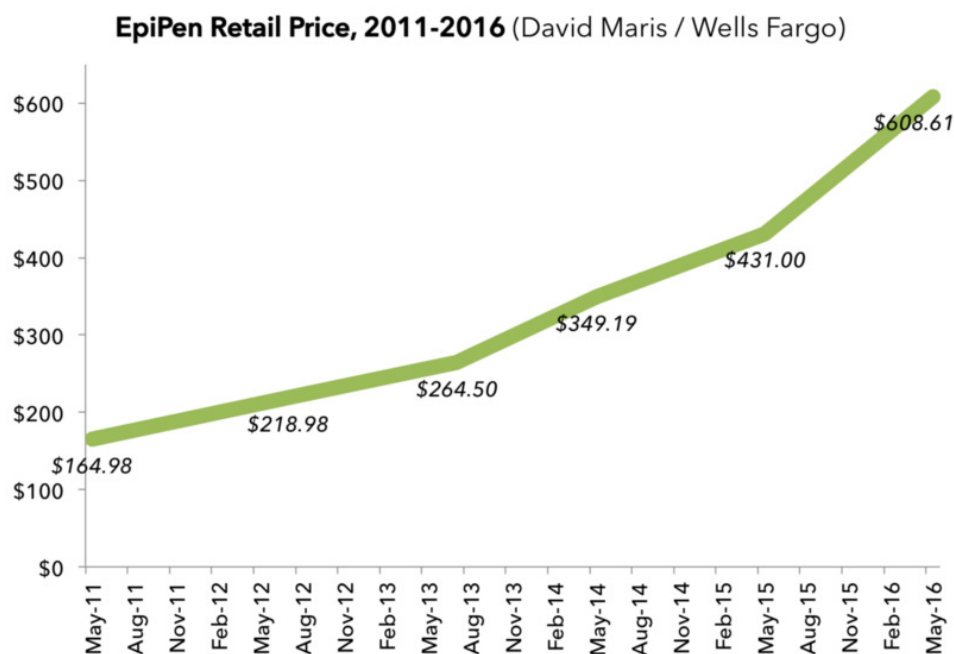
In an April 2016 survey, AARP asked 2,000 adults aged 50 or older if, in the past two years, they had not chosen to fill a prescription, and if so, why. The no. 1 answer, by a country mile, was “cost of the drug,” supplied by 55 percent of those who hadn’t filled a prescription. (The second place answer was “did not think drug was necessary,” by 28 percent.) 32 percent said that “cost of the drug” was the main reason for not filling a prescription.

The poll is one of many indicating that Americans are worried about high drug prices. It doesn’t help that federal agencies, like the FDA, actively encourage high prices by creating artificial monopolies for old, unpatented drugs that should be inexpensive, like epinephrine, the active ingredient in Mylan’s EpiPens.

Part Six of the new edition of *Transcending Obamacare*, FREOPP's first publication, is dedicated to making innovative medicines affordable. In it, I discuss the problem of artificial monopolies for unpatented drugs:

Most recently, Mylan attracted controversy for raising the price of its EpiPens, which deliver epinephrine in the event of a life-threatening allergic attack called anaphylaxis, from \$100 to \$600 per pen. Epinephrine, also known as adrenaline, was first isolated in 1901, and has long been off-patent. But Mylan's autoinjector has been approved by the FDA specifically for treatment of anaphylaxis, and the agency has made it extremely difficult for would-be competitors to gain approval for similar devices.

Mylan also lobbied Congress to fund the deployment of EpiPens in public schools across the country, further entrenching its monopoly.



On Thursday, Sens. John McCain (R., Ariz.) and Tammy Baldwin (D., Wisc.) and Rep. Jan Schakowsky (D., Ill.) introduced a bill called the Fair Drug Pricing Act, that would require drug manufacturers imposing price increases of 10 percent or more to document their business rationale for raising prices.

The bill isn't perfect, but in *Forbes* I write about why its core principle has merit. If high drug prices are the necessary result of the high costs of pharmaceutical innovation, as the industry relentlessly asserts, then it should be able to document why that is the case. If, on the other hand, high drug

prices are the result of crony capitalism, it will be obvious for everyone to see. As Louis Brandeis once put it, “sunlight is said to be the best of disinfectants.”