

EpiPen maker Mylan's other drug price hikes

Brad Dixon
26 August 2016

The pharmaceutical company Mylan has been making headlines in recent weeks for hiking the price of its life-saving EpiPen device by more than 450 percent. A report released this past June, however, notes that the company has made similar price increases for a number of its drugs.

The report, “Is Mylan Next in Line for Pricing Scrutiny?” was written by Wells Fargo senior analyst David Maris.

It notes the following price hikes of drugs sold by Mylan:

- Ursodiol: a generic treatment for gallstones (542 percent increase).
- Metoclopramide: a generic treatment for gastroesophageal reflux (444 percent).
- Dicyclomine: a treatment for irritable bowel syndrome (400 percent).
- Tolterodine: a generic treatment for overactive bladders, and one of Mylan's biggest selling generics (56 percent).

Maris noted that Mylan raised the price of 24 of its products by more than 20 percent and 7 of its products by more than 100 percent.

“It's the everyday drugs that are going up by amounts that are just hard to conceptualize why,” Rodney Whitlock, a consultant for the Campaign for Sustainable Rx Pricing, told NBC News. “These drugs aren't improving. They're the same drugs approved by the FDA. They're not getting better. But the prices are going up extensively more than inflation.”

“Think about if other industries behaved the same way,” Whitlock said. “Apple would still be selling the

first-gen iPhone for 1,400 bucks. And Ford would be selling the Pinto for \$84,000.”

When the report was released in June, Mylan spokeswoman Nina Devlin told CNBC that the analysis was “flawed” and “self-serving and misleading to investors.” She stated that the company was successful in “balancing numerous variables, including the natural price reductions that have always been inherent to the generics industry.”

It was unclear which dictionary Devlin consulted for the definition of “reductions.”

While these products “may be small relative to Mylan's overall business, we do not believe that the price increases come without a real cost to patients,” wrote Maris.

At the same time that Mylan was jacking up its drug prices by over 400 percent, company executives were inflating their own compensation. Mylan CEO Heather Bresch, for example, increased her total compensation between 2007 and 2015 from \$2.5 million to \$18.9 million, according to NBC News. *FiercePharma* put Bresch's total compensation in 2014 at \$25.8 million.

Bresch's rise and success as CEO of Mylan have been marked by signs of nepotism, if not outright corruption. Her father, Democratic Senator Joe Manchin from West Virginia, the state where Mylan was founded, assisted in pushing through rule changes that expanded the patient population for the EpiPen, along with legislation recommending that states require public schools to stock EpiPens, according to a story published last year by *Bloomberg*.

Mike Garrison—a former Mylan consultant and lobbyist, and a former high school classmate of Bresch and family friend—resigned as the president of West Virginia University when a 2008 inquiry found that Bresch never completed the coursework necessary for the MBA granted to her by the university, reports NBC News. Milan Puskar, Mylan's chairman at the time,

had donated \$20 million to the university.

“In this environment,” wrote Maris, in a warning to investors, “we believe 400 percent and 500 percent price increases on products are beacons for scrutiny.”

That is, Mylan could face the same scrutiny from legislators and patient advocates that Valeant Pharmaceuticals and Turing Pharmaceuticals have received, both of which have been widely criticized over the past year for similar price hikes.

As the story of the price hikes on the EpiPen gained steam, a number of politicians took the opportunity to cynically condemn Mylan’s actions.

“Not only is this alarming price increase unjustified, it puts life-saving treatment out of reach to the consumers who need it most,” stated Senator Amy Klobuchar (Democrat, Minnesota). Klobuchar requested that the Federal Trade Commission investigate the pricing of EpiPens.

“The substantial price increase has caused significant concern among patients,” commented Senator Chuck Grassley (Republican, Iowa).

Senators Claire McCaskill and Susan Collins announced that they were requesting a briefing from Bresch to occur “at a mutually convenient time no later than two weeks from” Wednesday.

Hillary Clinton, the Democratic presidential candidate, called the price hikes “outrageous.”

No meaningful action will be taken by any of these politicians to address the widely publicized price hikes, along with the many others that have gone under the radar.

What concerns these politicians is that the blatant price-gouging by certain companies—like Mylan, Valeant, Turing, and Horizon Pharma—could threaten the subtler profiteering of more “responsible” pharmaceutical companies—like Pfizer, Gilead, Novartis, Amgen and, indeed, the pharmaceutical industry as a whole.

The pharmaceutical industry spent \$240.2 million on lobbying in 2015, according to opensecrets.org.

Drug companies often claim that the high prices of drugs are due to the costs associated with the research and development necessary to discover and develop new drugs. An article published in the *Journal of the American Medical Association* this week, which surveyed peer-reviewed medical and health policy literature between 2005 and 2016, found just the

opposite.

“Although prices are often justified by the high cost of drug development,” the article’s authors state, “there is no evidence of an association between research and development costs and prices; rather, prescription drugs are priced in the United States primarily on the basis of what the Market will bear.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact