

EpiPen price gouging: Capitalism and the US health care crisis

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Mylan Pharmaceutical's enormous price hikes for EpiPen, an emergency drug for life-threatening allergic reactions, highlight both the outrageous practices of the US pharmaceutical industry and the deplorable state of health care in America.

A two-pack of EpiPen Auto-Injectors, which cost about \$100 in 2004, adjusted for inflation, now costs over \$600, putting the life-saving device out of reach for many adults and children. The device quickly delivers a controlled dosage of epinephrine to treat anaphylaxis, a potentially deadly allergic reaction to medication, food or insect bites.

Mylan's price gouging has become a focal point of anger over the complete subordination of health care to huge corporations that are driven by an insatiable quest for profit. On a daily basis, working people see reports of multimillion-dollar bonanzas for executives at giant pharmaceutical and insurance companies, while tens of millions of people struggle to pay for essential prescription drugs and medical treatments because of ever-higher deductibles, co-pays and premiums.

Mylan's price gouging is a particularly disgusting example of profiteering in the health care industry. A 2011 survey found that 8 percent of US children had a food allergy and nearly 40 percent of these individuals had a history of severe reactions. With the six-fold increase in price, families are gambling on not purchasing EpiPens or paying for the auto-injectors by going deeper into debt and forgoing other necessities.

Mylan is the second-largest generic and specialty drug company in the world, with about 35,000 employees, more than 1,400 products, and customers in more than 150 countries. Mylan obtained the EpiPen franchise through its 2007 purchase of the generic division of Merck, another pharmaceutical giant.

To generate sales, Mylan has spent tens of millions

on EpiPen TV ads. This includes \$1.7 million on ads broadcast during the Rio Olympics that show a teenager mistakenly ingesting peanut butter at a party and losing consciousness while her friends frantically call 911.

Forty-seven US states now require public schools to stock the devices. Its use has grown by 67 percent since 2008, and over 3.6 million prescriptions were written for EpiPens last year. Sales of the device have generated annual revenues of \$1 billion, accounting for 40 percent of Mylan's profits.

Mylan CEO Heather Bresch's total compensation went from \$2.4 million in 2007 to nearly \$19 million in 2015. When questioned in an interview about the EpiPen price hikes, she said, "Look, we're going to continue to run a business."

But Bresch and Mylan, contrary to the media presentation, are not aberrations. Drug companies across the board are raising prices for both generic and brand name drugs. Here are some of the biggest recent price hikes:

- Between 2002 and 2013, the cost of insulin for treatment of diabetes rose nearly 200 percent, from \$4.34 per milliliter to \$12.92.
- Gilead prices a single course of treatment with Sovaldi, a hepatitis C drug, at \$84,000, or \$1,000 per pill.
- Turing Pharmaceuticals last year acquired US marketing rights for Daraprim, used to treat the parasitic disease toxoplasmosis, and raised the price from \$13.50 to \$750 a tablet.

A 2015 report found that prescription drugs cost up to 10 times more in the US than they do in other countries. The EpiPen is a case in point. Meda sells a two-pack of EpiPens in France for about \$85, while the price for the antidote syringes in Canada is about \$100.

An article in Tuesday's *New York Times* indirectly to the involvement of a whole network of corporate players in the profiteering that rests upon the inflation of prescription drug prices. It quotes the head of a consulting firm for the drug distribution industry as saying that "if Mylan had simply lowered the price, it would have risked angering all the parties in the distribution network, including pharmacy benefit managers, wholesalers and pharmacies, which take a piece of the total amount spent on the drug."

Commenting on Mylan's decision, in the face of a sharp fall in its stock price last week, to offer a generic version of EpiPen at a price of \$300, half that of the brand-name version, the drug industry expert said that introducing a generic was "a way to do it without making enemies with a bunch of Fortune 25 companies who control your fate."

In other words, health care provision in capitalist America is a racket in which the spoils are divided among a number of corporate players, at the expense of the health and lives of the general population.

Another industry analyst noted on Monday that even at the "bargain" price of \$300, Mylan's overall revenue per prescription would be about \$280.

The Affordable Care Act, President Obama's signature domestic program, is not aimed at shaking up this state of affairs, but at entrenching and deepening it. The legislation's central provision, the "individual mandate," compels individuals and families without insurance to purchase policies from private insurers under threat of a stiff tax penalty.

Six years after Obamacare was signed into law, it is a scandal in itself that some 27 million people in the US remain uninsured, as many people are too poor to buy coverage, even with the plan's modest government subsidies. Most of the least expensive ACA plans come with deductibles in excess of \$5,000 and other outrageous out-of-pocket costs that render the plans virtually useless in covering medical costs, forcing people to self-ration their medical care.

Obamacare, a plan devised by and for the insurance industry, places no serious limits or requirements on the corporations. They can do as they please, jacking up premiums, co-pays and deductibles, or pulling out of the program altogether if the profits are not sufficiently high. That is precisely what the biggest insurers are now doing, with the result that next year nearly one-

third of counties in the US will have only one insurer under Obamacare.

From the insurance leviathans, to the pharmaceutical firms, to the giant hospital chains, to the drug store chains—the entire health care system in America is dominated by huge corporations in operation for one reason: to make a profit. The needs of people for medical treatments, tests and prescription drugs are entirely secondary.

Quality health care for everyone is a basic social right. But it is incompatible with a system based on the capitalist market.

The Socialist Equality Party calls for an end to medicine-for-profit and the establishment of free, high-quality, state-run health care for all. In opposition to the corporate-controlled health care system, we call for the nationalization of the insurance companies, the pharmaceutical giants and the hospital and drug store chains and their transformation into publicly owned and democratically controlled institutions.

Socialized medicine as part of a socialist economy is the only basis upon which a rational, humane and egalitarian health care system can be developed.



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