More US drug price hikes in 2019

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Drug manufacturers began the new year with a new round of price hikes for already highly expensive US-branded prescription drugs.

According to *Reuters*, drug manufacturers raised the prices of more than 250 prescription drugs, including the world's top-selling medicine, Humira.

Such annual price hikes are common among drug makers. Around this time last year, pharmaceutical companies raised the prices of over 400 medications, according to the data analyst website Rx Savings Solutions.

Although this year's price hikes are smaller than in previous years, possibly in response to Trump's tepid threats against the drug industry, such price increases will continue throughout the year, placing further financial burdens on workers struggling to afford life-saving medications.

Among the worst offenders was Allergan Plc, the Irish-based drug maker who raised the prices on more than 50 drugs, with more than half of the drugs going up in price by 9.5 percent.

Drug maker AbbVie Inc. increased the price of their most popular medication Humira, used to treat rheumatoid arthritis, by more than 6.2 percent. Last year, the company recorded $20 billion in sales of this drug alone. Between 2012 and 2018, AbbVie raised the price of Humira from $19,000 to more than $38,000 per year, a 100 percent increase.

Johnson & Johnson raised prices on two dozen prescription medications by 6-7 percent, including the psoriasis treatment Stelara, the prostate cancer drug Zytiga and the blood thinner Xarelto, the company's best-selling products.

Although profits for drug makers have soared the past three years, with the profit margins of the industry generally exceeding other sectors with the exception of finance, more price increases were expected before the new year began.

Reuters reported late last year that almost 30 pharmaceutical companies notified California's agencies that they plan to raise the prices of their drugs. Most significantly, the article notes that the United States, a country that leaves drug pricing entirely to "market competition," has higher prices for drugs than any other country.

For example, a pre-filled carton of two syringes containing Humira costs an average of $2,669 in the United States, but only $1,362 in the United Kingdom and $822 in Switzerland.

Another striking feature of the drug price phenomenon is its astronomical rise in comparison to the inflation rate. According to a report released by the American Association of Retired Persons (AARP) in December, the retail prices of 768 widely used prescription drugs rose 50 times higher than the general rate of inflation.

President Donald Trump told members of his cabinet in October that he expected the prices of drugs to decrease tremendously this year. Health and Human Services (HHS) Secretary Alex Azar also attended the meeting. HHS has since proposed policy changes aimed at lowering the cost of medications.

The so-called "pressure" that Trump has applied to the giant pharmaceutical conglomerates has been nothing short of lip-service against a rapacious and widely despised industry.

As Rx Savings Solutions CEO Michael Rea noted in *Business Insider*, "I think the calls for decreases or no increases by the president, the public and payers are largely disregarded." He continued, "If they're hitting their numbers, they're going to continue using the practice that allows them to do that."

The proposed policy changes are not expected to alleviate the high costs of medications in a country that has the most lucrative market for manufacturers. These measures fall significantly short of governmental

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control over negotiating and regulating drug prices.

Even as public outrage has spread over the perpetual price increases, the response of the pharmaceutical industry has amounted to sheer indifference. Ronny Gal, an analyst for Bernstein Research, told *Business Insider* that there could be a “step up in both the number and magnitude of list price increases.”

“However,” he continued, “while individual companies may do well, the price increases taken together would suggest Pharma is ‘tone deaf’ to public concerns.”

The unaffordability of medications and the rising profits of big pharma demonstrate the incompatibility between the needs of the majority of the population and the profit interests of the ruling class.

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