



Price Gouging of Lifesaving Drugs




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So what's the problem?




Historically, pharmaceutical companies have participated in price gouging, meaning that they substantially raise prices for consumers without justification. As a result, patients are unable to afford life saving drugs necessary for successful treatment.

Key Facts and Figures:

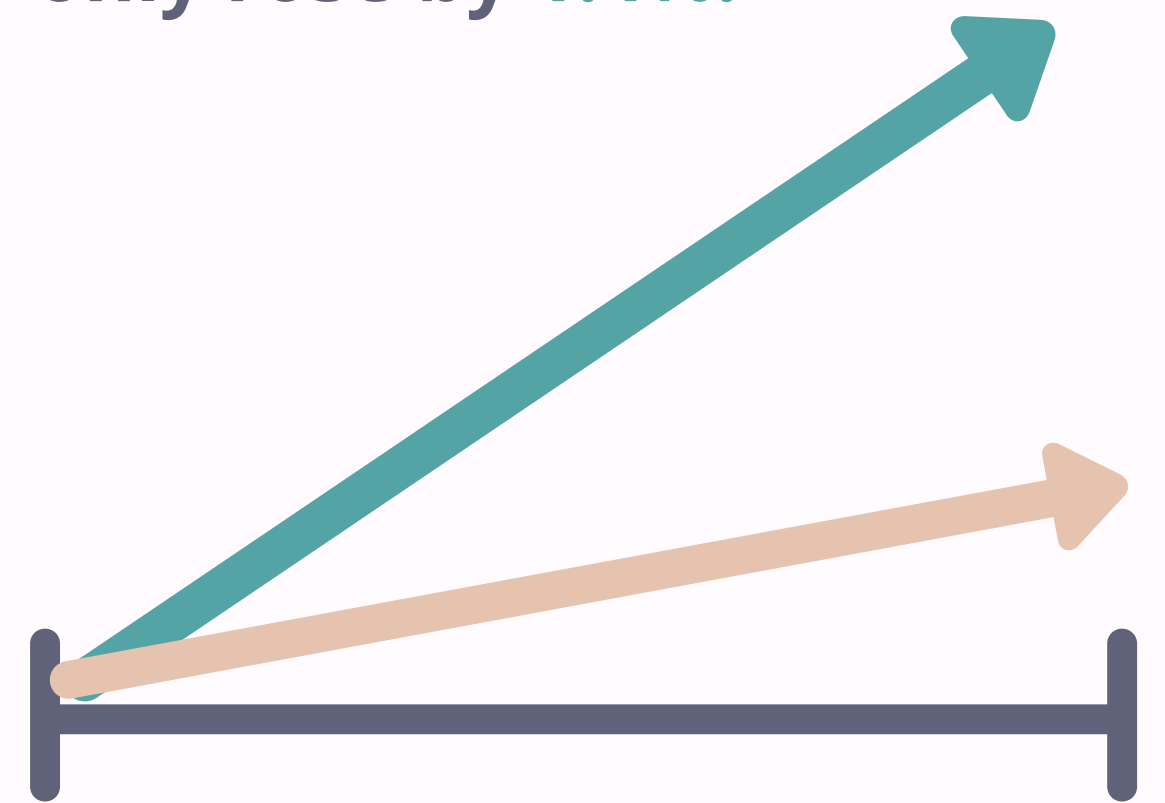
 During the Obama Administration drug shortages increased exponentially in frequency. As a result, drug manufacturers can price medicines at extremely high prices.

 The Orphan Drug Act gave incentive to companies to produce lifesaving drugs for rare disease, but it didn't limit the prices companies could charge consumers.

 In a recent poll 72% of Americans surveyed said that they thought drug prices were unreasonable and 74% that drug companies put profits before people.

Recent Statistics

In 2013 drug prices rose by **12.9%**, while inflation that year only rose by **1.4%**.



How do we solve this?





Potential Solutions



1

Government intervention through FDA cooperation:

President Obama had encouraged interaction between the FDA and DOJ previously, and it helped to ease the conflict occurring during his administration. An aspect that calls for more attention is the presence of gray markets, or legal yet unofficial markets for wholesale transactions, in which distributors charge consumers ridiculously high prices for medicines that treat illnesses like leukemia. If the FDA and DOJ were to collaborate they could investigate the exponential increases in prices that surround these gray markets and call for substantial political action.

Collaboration between the FDA and the Department of Justice to investigate gray markets could help to identify wholesale sellers that are participating in price gouging.

2

Addressing prices of lifesaving drugs:



The federal government and states should pass laws that combat unjustified launch prices and price increases of patented and brand-name drugs.

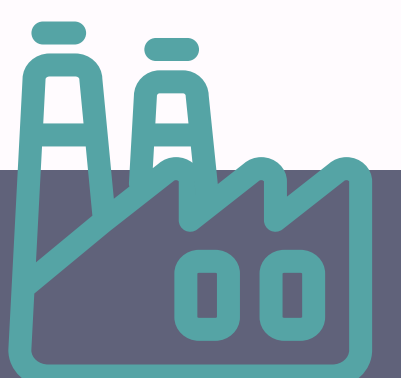
Policies that address the launch price of drugs could limit the amount that pharmaceutical companies are allowed to charge. It has also been shown that governmental pressure has curbed launch prices of drugs in the past, if governmental bodies are willing to take substantial action when price gouging occurs. By passing policies related to launch prices and price increases, state and federal governments would be holding all producers to the same standard, and they would have means to control unfair actions taken by companies looking to exploit consumers.

3

Transparency with the public:

Federal and state governments should require pharmaceutical companies to release information and justification about their drug prices, development costs, and marketing costs for each drug in production.

A common myth about drug prices is that companies charge such high amounts because of the costs associated with research and production. If information relating to these processes was published, false justifications could no longer be used. Federal and state governments would be better able to monitor the activities of drug developers in order to ensure consumer protection.



thank you!

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