

Shkreli not alone in drug price spikes as skin gel soars 1,860%

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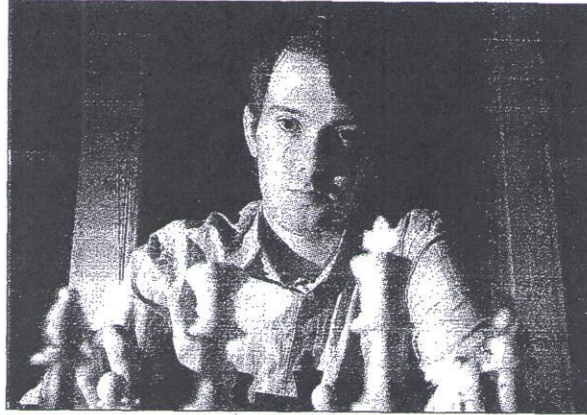
After Martin Shkreli raised the price of anti-parasitic drug Daraprim more than 50-fold to \$750 a pill last year, he said he wasn't alone in taking big price hikes.

As it turns out, the former drug executive was right. A survey of about 3,000 brand-name prescription drugs found that prices more than doubled for 60 and at least quadrupled for 20 since December 2014.

Among the biggest increases was Alcorin A, a combination steroid and antibiotic gel to treat eczema and skin infections: The prices soared 1,860%, or almost 20-fold, during the period. And a vial of Aloprim, a Mylan NV drug for cancer complications, more than doubled, according to the survey by DRX, a provider of price-comparison software to health plans. Drug pricing will come under scrutiny on Thursday as pharmaceutical executives appear before a US congressional hearing.

Even after soaring prices became an issue in the US presidential campaign, the cost of many drugs has continued to rise at annual rates of more than 10%. Drugmakers raised the prices of products as wide-ranging as erectile dysfunction drug Viagra, heart treatments, dermatology medicine and even brands that long have lost their patents. While specialty companies have had the steepest hikes, giants such as Pfizer Inc. and GlaxoSmithKline kept pushing through smaller rises.

"The data shows that price increases are an integral part of the business plan," said Jim Yocum, executive vice presi-



Martin Shkreli, founder and former CEO of Turing Pharmaceuticals

dent at DRX.

Pharmaceutical companies often boost prices around the end and the start of the year, and the scale of recent increases was higher than what Yocum has seen in the past few years. About 400 formulations of brand-name drugs went up at least 9.9% since early December, according to DRX.

Drugmakers say that they offer significant discounts off of list price to insurers, and inexpensive generic alternatives are available. And they say they invest large amounts in research & development to come up with new breakthroughs.

Among recent increases by the world's biggest pharmaceutical companies is AstraZeneca's blockbuster cholesterol drug Crestor, up 15% ahead of the arrival of a generic version in May. AstraZeneca said that it decides on price changes annually based on market conditions, a common industry practice, and it offers a savings programme on Crestor that reduces co-payments to as little as \$3 per prescription.

Pfizer raised prices for 24 drugs by 12% or more in the past two months, with Viagra increasing about 13% and two heart drugs whose price went up 44% and 86%, according to DRX. The New York-based drugmaker said that list prices don't reflect discounts offered to the government, managed-care organisations, commercial health plans and programmes that restrict any increases above the inflation rate. In the US biopharma business, the average price increase was 6% last year, Pfizer said in an e-mail.

Meanwhile, GlaxoSmithKline increased prices by 15% on 22 products over the past two months, including Lamictal XR for epilepsy, according to DRX. "Price increases for some medicines are a reality in a competitive US marketplace and we strive to handle them thoughtfully," Glaxo said by e-mail. After discounts, the London-based company said US prices declined from 2014 to 2015. DRX, a unit of Connecture Inc, looked at prices for more than 6,300 doses of about 3,000 brand-

name drugs from December 2014 through January 15. It included patented drugs as well as old brand drugs whose patents have expired, but not generics. Half the drugs got a price increase — including 1,100, almost a third, above 10%. Only about 50 had a decrease, DRX found.

Valeant Pharmaceuticals International, which in recent months has been under fire for its pricing was among the most aggressive, with 13 drugs that doubled or more since December 2014. That's more than any other large company, the survey found. The heart drug Isuprel soared 720% over the period, including 525% right after Valeant bought the rights to sell it.

In a statement, Valeant said it sets prices based on factors such as the cost of development or acquisition of a drug, its benefits versus alternative treatments, and the availability of substitutes or generics. It also offers assistance programs to keep out-of-pocket costs affordable.

The scrutiny on prices is only going to increase after Democratic presidential candidate Hillary Clinton vowed again to crack down on companies that "gouge patients with pricing" in a January 28 tweet. Valeant and Turing Pharmaceuticals AG, Shkreli's former company, are expected to testify at the hearing Thursday. Shkreli, who faces federal fraud charges unrelated to Turing, was subpoenaed to appear, although he has said he plans to invoke the Fifth Amendment, which allows people to avoid incriminating themselves.

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