Drugmakers need to take a chill pill over disclosure rule

The rigged nature of the U.S. healthcare system was highlighted this week as the drug industry challenged even a halfhearted attempt to shine a little sunlight on pricing.

The Department of Health and Human Services finalized a rule Wednesday that would require drugmakers to disclose a drug’s cost in TV ads if its price before rebates and discounts is above $35 for a month’s supply. The rule will go into effect 60 days after it’s published, which is expected Friday.

“Patients who are struggling with high drug costs are in that position because of the high list prices that drug companies set,” Health and Human Services Secretary Alex Azar said in a statement.

“Making those prices more transparent is a significant step in President Trump’s efforts to reform our prescription drug markets and put patients in charge of their own healthcare,” he said.

A “significant step” is being generous.

Rather, this is a betterthan–nothing move from an administration that’s been promising for years to crack down on runaway drug prices but has come up short in taking meaningful action.

“This is a step in the right direction, although I view it as a modest measure,” said Vivian Ho, director of the Center for Health and Biosciences at Rice University’s Baker Institute for Public Policy.

The drug industry responded as if Trump is forcing manufacturers to hand out their products for free.

Stephen J. Ubl, chief executive of the trade group Pharmaceutical Research and Manufacturers of America, said in a statement that giving people information about pricing would just make things worse.

He said including prices in TV ads “could be confusing for patients and may discourage them from seeking needed medical care,” which of course is an absurd thing to say.

All it will do is remind people how much they’re being charged and perhaps make them wonder why Americans pay more for prescription meds than anyone else.

“We support providing patients with more transparency about medicine costs,” Ubl said, insisting that patients prefer the industry’s less–transparent approach of posting prices online, where they’re harder to find.

Finally, he said drugmakers “think the final rule raises 1st Amendment and statutory concerns,” which suggests the likelihood of lawsuits and possibly years of legal delays.

The industry’s knee–jerk opposition to consumerfriendly change reminds me of how automakers aggressively fought efforts in the 1950s and ’60s to require seat belts in vehicles, arguing that consumers neither wanted nor needed such an intrusive policy.

We now know that seat belts reduce serious injuries and deaths by about 50%, according to the Centers for Disease Control and Prevention, and represent “the single most effective way to save lives and reduce injuries in crashes.”

The auto industry was interested in profits before public safety, and drug companies are behaving in no less a contemptuous fashion.
They say disclosing drug prices in TV ads would give the impression that patients have to pay that much for their meds, when in reality, thanks to insurance and discounts, out-of-pocket costs probably are less. That impression might prompt some people to stop taking medicine or ration their doses, the industry says. Or, as the Trump administration hopes, it might shame drug companies into behaving better. “Consumers will see high list prices and get ‘sticker shock,’” said Jason Doctor, chairman of the Department of Health Policy and Management at USC’s Price School of Public Policy. “This creates a manufacturer incentive to keep the TV ad prices low.”

Wishful thinking, if you ask me.

If anything, patients, if they actually pay attention to the televised disclosures, will simply understand that many branded prescription drugs are really expensive. But they already know that.

Drug companies, for their part, are already comfortable with being the bad guys in many people’s eyes. It’s difficult to see how adding prices to those fleeting disclosures on TV will suddenly make them realize they could be decent people, if they tried.

A big problem here is that drug prices are deliberately complicated to prevent anyone from knowing how much money is truly changing hands.

Drug companies routinely set list prices that are far above actual costs. This allows them to begin negotiations with insurers and pharmacy benefit managers at a sufficiently high level to guarantee fat profits even at reduced prices.

And manufacturers will charge as much as they can get away with. The United States is one of the only developed countries that has no regulations for drug pricing.

Most experts believe one of the few effective ways of lowering drug prices would be to allow Medicare to negotiate payments for prescription meds on behalf of its 57 million beneficiaries. This common sense move has been blocked for years by Republican lawmakers who, like drug addicts, have grown dependent on pharmaceutical–industry cash.

If Medicare were able to flex its market muscle, drug makers would quickly set prices at reasonable levels, lowering the pricing threshold for private insurers as well. Ideally, Medicare and private insurers would negotiate in tandem, placing even more downward pressure on drug prices.

For all his bluster about drug companies “getting away with murder,” Trump has resisted taking the genuinely significant step of empowering Medicare to use the market power that conservatives claim can solve all our healthcare woes.

This indicates that Trump’s commitment to patient welfare is little more than political posturing.

Moreover, why not end the wasteful practice of allowing drug companies to advertise prescription medicine directly to consumers? Only one other country — New Zealand — allows this. Every other nation has concluded that the practice causes more harm than good.

Including prices in drug ads is helpful. However, it’s not a cure for what ails us.

And if the industry really finds itself in pain, it can just take a pill.

A too-pricey pill.

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