American Ingenuity Can Make It Happen

The president and CEO of Blue Cross and Blue Shield of Louisiana on sustainable hepatitis drug pricing.

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The prices drug makers are charging for important specialty pharmaceuticals have skyrocketed in recent years.

In nearly all areas of the economy, innovation not only provides advancement, but also lowers costs for consumers. Unfortunately, drug companies, responding to current marketplace incentives, are linking pharmaceutical innovation with higher and higher prices.

This practice is becoming a troubling trend. And there's no better example than Sovaldi, part of a hepatitis C treatment, which costs $1,000 a pill.

Sovaldi is what's called a "specialty drug"—a typically high-cost medication created to treat a complex chronic and/or life-threatening condition. Specialty drugs usually need special storage, handling and administration. They may also involve a high degree of patient education and monitoring to be sure the drug is being handled and taken or given safely.

Sovaldi represents great pharmaceutical innovation. Results have been exceptional. Unfortunately, the drug's maker—taking advantage of a lack of competition fostered by patent protection—has priced it so high as to be a major threat to healthcare affordability.

Bloomberg News has noted that, "If everyone in the U.S. with hepatitis C were treated with Sovaldi at its list price, it would cost $227 billion compared with the estimated $260 billion spent a year in the country for all other drugs."

And Sovaldi is just the first of many. A large number of other specialty drugs, and similar high-cost prescriptions that hold great potential for patients, are beginning to enter the market. But they are being priced out of reach for most Americans.

The threat is not just to privately insured patients. State and federal Medicaid budgets will be depleted rapidly by the inflated pricing of specialty drugs unless this disturbing trend is reversed.

Before we reach such a tipping point, we need to find new solutions that ensure important drugs like Sovaldi are priced at sustainable levels, so that we can all benefit from continued life-saving innovation.

The problem is serious enough to merit a national conversation on drug pricing, in which we call on policymakers to get creative—looking beyond the hammer of price controls to measures that alter industry incentives.

For instance, some thought has been given to shortening patent protection to allow earlier free-market competition.

Another idea that has been put forward to provide incentive for new drug discovery is assigning perpetual royalties to the company that invents a drug, so that it can continue to reap revenues long after today's patents would lapse. This would give drug makers a longer time to recoup research and development costs and relieve the pressure to inflate pricing artificially over the short term.

These two ideas are just illustrations of the creative thinking that could and should be applied to this pressing problem. Are they good ideas—the right ideas—that could lead to workable solutions? Only collective will and wisdom will produce those.

All we need is a national will to work together, seek and apply the right measures. I sincerely hope that we—healthcare stakeholders and others—can begin this meaningful conversation before it's too late.

We need to get back to the collective American ingenuity our country has displayed in earlier times of crisis.

I'm betting we can. And I'm also betting that members of the pharmaceutical industry will be at the table, exploring creative, workable solutions with the rest of us.

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