
WORKING PAPER SERIES

**COMMENTARY:
THE PAIN OF RISING DRUG COSTS**

**UUP President William E. Scheuerman
Professor of Political Science, SUNY Oswego
January 2006**

WPS 2006-C-001
© William E. Scheuerman, 2006



United
University
Professions

This commentary was recorded in January 2006 on WAMC-Northeast Public Radio.

COMMENTARY:

THE PAIN OF RISING DRUG COSTS

There's a health care crisis in the United States. Costs are skyrocketing. Many Americans have no health care coverage at all and those fortunate enough to have coverage are struggling to maintain it. Keep this in mind the next time you go to the doctor and ask for the "little purple pill" when an over-the-counter antacid would work just as well.

You know what I'm talking about. We've all seen TV ads where an authoritative voice describes a medical problem and advises us to tell our doctor to prescribe a specific drug for our condition, imagined or real. The implications of this TV campaign are far-reaching. Let's begin by looking at what this means to the profession of medicine.

Patients make demands

Once the patient becomes the mouthpiece of the drug companies, the professional status and authority of the treating physician is grossly undercut. The role of the doctor changes from one who is trained to treat disease to someone who dispenses drugs touted on TV because the consumer — whose only education on the issue probably came from the TV ad — wants that particular drug. The bottom line: The doctor's authority based on years of education and professional training is replaced by patients' demands as defined and driven by the drug companies' relentless television commercials.

Last year these gigantic pill pushers spent about \$60 billion marketing their drugs, about twice the

amount spent on research and development. In 2004, Pfizer — the world's largest drug company — spent \$120 million on ads for the cholesterol drug Lipitor. Not a bad investment, as the company returned profits of \$11.3 billion on sales of \$51 billion last year. Needless to say, the costs of the media campaign are passed on to the consumer.

Number of drugs skyrocket

But this is only the beginning. There are other important implications.

Over the last decade, the number of prescriptions has increased by about two-thirds. Almost everything is now defined as a disease requiring prescription drugs, even though, according to a News Target report, "About 125,000 people die from drug reactions and mistakes every year, making it the fourth most common cause of death in America." We know the human cost of these deaths: more than twice the total of the Vietnam war annually. But what are the health care costs of these deaths? What are the costs to society in terms of lost productivity and potential?

Profit, not cure

In focusing on profits rather than cures, the drug companies don't peddle less expensive generic

drugs to treat diseases. The megabucks are in brand drugs. So the responsive consumer watches the commercials and tells his physician to prescribe a brand-name drug rather than the cheaper generic version. The costs are passed on to the health insurance plans, which in turn pass them back to the consumer in the form of higher insurance rates. Is it any wonder that health care

generic, its manufacturer reworked the same compounds, added yellow stripes and produced Nexium, which hit \$3.7 billion in sales in 2004. Nexium also earned a Bitter Pill from the Boston-based Community Catalyst organization for "The Least Extreme Makeover Award."

Community Catalyst gave its "The Cure for the Human Condition Award" to GlaxoSmithKline when it re-defined "shyness" as "social anxiety disorder" and offered Paxil as the cure. With the market for Paxil significantly expanded to everybody who has ever felt anxious, shy or afraid, its 2004 sales topped \$870 million. The FDA has also since reprimanded the drug company because Paxil has not been approved for these uses.

What it means to UUP

Health care in the United States is under the gun. Americans are overmedicated, overcharged and frequently undertreated. As health care costs increase, employee givebacks on health insurance become a major labor issue. Additionally, more and more people have less and less health coverage or none at all. Our elected officials keep saying they want to do something about containing health care costs. Well, they can start by reining in the large drug companies and the billions they spend each year to push their pills

As health care costs increase, employee givebacks on health insurance premiums become a major labor issue.

costs are rising almost as fast as the profits of the large drug companies?

Patents protect the drug companies' monopoly on brand-name drugs for years, but they eventually run out, driving companies to promote new drugs when the old ones work just as well and even when the new ones are virtually identical to their predecessor! The "little purple pill" is a case in point. When Prilosec, the original "purple pill," went

ENDNOTES

Center for Public Integrity, Special report: Second to None, How the pharmaceutical industry gets its way in Washington. (7/07/05)

See the Community Catalyst Web site at <http://www.communitycatalyst.org>

News Target, 1/3/6, pg. 1