

OPINION

DRUG PRICING DEBATE

The increasing cost of prescription drugs has been a source of concern for many in recent years. Drug pricing legislation is being discussed by Congress and the Trump administration and is a topic of interest for seniors, lawmakers, health policy groups, and the biotech and pharmaceutical industries. Here are two perspectives on the issue.

COST CONTROLS COULD IMPEDE INNOVATION

BY TED W. LOVE

Sickle cell disease is a rare and devastating disease that affects approximately 100,000 Americans. It's been decades since sickle cell disease was genetically understood, but because drug discovery is often elusive and expensive, treatments remain limited and individuals with the disease still die nearly three decades earlier than they should.

Thanks to a system in the United States that encourages and rewards investment and innovation, we are one of a handful of companies on the cusp of delivering breakthrough treatments for this devastating disease. This evolution did not happen by accident.

Our country is unique in that we foster an environment that allows innovators to take risks — and fail frequently — on the path to discovery. We have access to the private-sector capital necessary to make enormous investments in treatments and cures, and the rewards from our occasional breakthroughs help finance the next wave of innovation.

Forward-looking policies helped make such innovation possible. For example, the Orphan Drug Act in 1983 was enacted to encourage researchers to explore treatments for diseases that were either overlooked or underfunded because they impacted smaller segments of the population. These policies helped pave the way for smaller biotechnology companies to develop new therapies for patients in desperate need.

Today, that policy has helped facilitate thousands of startups and research labs are engaged in a search for the next medical breakthroughs. Yet as we rightfully debate the issue of drug prices in the United States, some policymakers are losing sight of the need to foster future innovation as well as the extraordinary benefits created by life science companies.

All too often, the debate about drug prices overlooks the challenges and enormous amount of private funding required to develop transformative medicines. What isn't fully discussed or understood are the unintended consequences of some of the policies that have been proposed, such as price controls or government seizure of the intellectual property from innovators.

These and other policy proposals would undoubtedly stall innovation into future treatments or restrict access to current treatments.

Patients with sickle cell disease — and thousands of other illnesses — are waiting for effective treatments. Yet many of the proposals floated to curb prescription drug costs could extend this wait.

Diminished drug access would also impose significant costs on the U.S. health-care system. A 2009 American Journal of Hematology study estimated the lifetime health-care costs for a patient with sickle cell disease surviving for 50 years were nearly \$9 million. The new treatments in development will reduce those costs — but only if patients can access the medicines when they're available.

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As an industry, we need to work with policymakers to make sure medicines are affordable and accessible to everyone who needs them, and our health insurance-based system is fair and transparent. Real solutions can address existing barriers to patient access to prescription drugs, but this will require cooperation between drugmakers, government, and insurers.

My first experience with sickle cell disease was as a medical student when there were few tools available to treat patients. I left retirement to correct an injustice for those afflicted by this deadly condition. This is personal for me and for all of us at Global Blood Therapeutics. Yet our story is like many others taking place across the biotech industry. Our current system rewards innovation, and innovation rewards patients. We should never allow misguided policies — however well-intended — to stand between patients and the innovative treatments they need.

By focusing on holistic solutions, we can help make prescription drugs more affordable and ensure the future of biomedical innovation remains bright for everyone.

Love, M.D., is president and chief executive officer of Global Blood Therapeutics.



PAUL LACHINE

PRESCRIPTION MARKUPS HURTING CONSUMERS

BY GARY WEST

Last month, leadership from the seven largest pharmaceutical companies testified before the Senate Finance Committee about unaffordable prescription drug costs. The senators made high-minded speeches about holding Big Pharma accountable for its predatory pricing practices. These senators didn't mention that 27 of 28 committee members received campaign contributions from those same companies.

That's business as usual on Capitol Hill. In 2018, 98 senators and 415 representatives received donations from the pharmaceutical and healthcare industry. How can Americans expect a Congress almost entirely on the industry's payroll to lead us out of our health-care cost crisis?

We can't. The consistent driver of higher costs is the relentless pursuit of profit by a greedy health-care cartel marking up prices of products and services multiple times — and paying off Congress to protect its windfall profits.

The U.S. health-care industry keeps prices artificially high and competition low, operating by the dictionary definition of a cartel: "An association of manufacturers or suppliers with the purpose of maintaining prices at a high level and restricting competition."

In 2017, this cartel unleashed 1,400 lobbyists and spent \$277 million to defend its interests. It's currently in high gear undermining efforts to expand Medicare pricing to younger Americans. Last summer, an army of hospital and insurance trade associations and two powerhouse lobbies — PhRMA and the Biotechnology Innovation Organization — created the "Partnership for America's Health Care Future" to campaign against any significant reforms to their profit-making status quo. After all, the \$3.5 trillion the U.S. spent on health care in 2017 is their lunch money they don't want anyone to touch.

As the Senate hearing illustrated, the health-care cartel keeps its pricing schemes hidden behind intentionally

opaque and incomprehensible terminology to obscure multiple markups that inflate costs:

- Pharmaceutical companies set whatever price they want for newly approved medications and obscure "list prices" behind "rebates" and "coupons."

- Pharmacy benefit managers, wholesalers and other middlemen markup generic medications with a scam called "spread pricing."

- Medical device manufacturers and hospitals markup items large and small, creating the unbelievable \$15,000 patient charge for four tiny surgical screws.

The first step in breaking the health-care cartel's stranglehold on monopolistic pricing is to demand understandable transparency.

- Hospital accountants' "Charge-master" list of obscure billing codes justify marking up every service, treatment and drug — welcome to the \$60 hospital ibuprofen tablet!

- Insurers set the highest legal premiums to inflate their profit margins.

Meanwhile, the cartel floods our political system with a river of cash to protect vested interests.

As a businessman who understands supply and demand, I know monopolistic, predatory pricing when I see it. For too long, we in the business community have accepted high health-care costs as part of doing business, as if the health-care cartel were an organized crime group to pay off. This abets the cartel and distorted market forces it imposes.

Instead, private-sector leaders need to leverage their buying power to drive down prices. Business has more

buying power than any other entity in the marketplace — including Medicare. In 2017, 156 million Americans — 57 percent of all Americans aged 0-64 — were covered by employer-sponsored health insurance.

If you look at how health-care costs have shot up over the past few decades, it's no wonder that business — and particularly workers — are buckling under the load. Since 1975, health-care spending per person rose from \$550 a year to \$10,739 a year in 2017, and the daily cost of a hospital room increased from \$100 to \$4,600.

Insurance costs have also risen drastically. Directly or indirectly, businesses pass along higher health insurance costs to workers, either in higher premiums, larger out-of-pocket and deductible costs, or suppressed real wages, which have been flat since the mid-1970s. Runaway health costs are one of the main reason why the middle class has shrunk, despite record-low unemployment and a record-high stock market.

The first step in breaking the health-care cartel's stranglehold on monopolistic pricing is to demand understandable transparency. Without transparency on predatory pricing, no meaningful reforms are possible. And without wholesale reforms to our medical pricing and payment systems, our country is heading over a fiscal cliff.

With the 2020 presidential campaign underway, and voters clamoring for reforms, candidates are proposing ideas that go much further than these recent high-minded speeches — and some of them are going to stick. Our country cannot stand for lip-service from pharma and health-care executives — or our elected officials. We need meaningful healthcare transparency, real negotiations and cost savings for consumers. The medical and financial health of our nation depends on it.

West is founder of West Health, a nonprofit, nonpartisan family of health-care research, policy and philanthropic organizations based in San Diego and focused on lowering health-care costs to improve care for seniors.

PUBLIC SAFETY REQUIRES HONEST TALKS ON PROFILING

BY DAVE ROBINSON & ANDREA GUERRERO

We come to the issue of policing from two different perspectives. One of us leads a law enforcement agency and the other a community organization. Both are concerned about any erosion of trust between law enforcement and community. Public safety depends on trust, and trust must be earned through honest conversation and meaningful solutions to address concerns about racial and identity profiling.

The Racial and Identity Profiling Act of 2015 (RIPA) seeks to do just that. When its author, Assembly member Shirley Weber, D-San Diego, introduced the bill, she stated, "Peace officers risk their lives every day, and the people of California greatly appreciate their hard work and dedication to public safety." She also said this legislation creates an opportunity to improve the relationship between law enforcement and the communities they serve.

Profiling can be tragic. The RIPA board that we co-chair has held public meetings across the state and we've heard testimony from people affected by profiling. We've heard from black and brown men and women who have been regularly stopped by the police for questioning, and from parents who have lost their children during an interaction with police.

We've also heard from law enforcement officers, academics and police practices experts to understand and address profiling, but that work has faced challenges because of a lack of comprehensive data. RIPA seeks to remedy that by requiring over 400 law enforcement agencies in the state to collect stop and search data, complaint data and other information needed for an honest conversation about profiling, whether perceived or real.

The Legislature charged the board with eliminating racial and identity profiling in policing, and improving diversity and racial and

identity sensitivity to our diverse populations. Since 2016, the board has advised the Attorney General's Office in drafting regulations for the collection of stop data, and will annually review and analyze data submitted by law enforcement. The data serves as a valuable resource to understand the scope and impact of profiling and to take action.

California is leading the nation in addressing profiling, and the RIPA legislation creates the tools to make meaningful change based on data and information.

This is our chance to get it right. In 2017, the California Attorney General's Office adopted regulations recommended by the RIPA board with input from a wide range of community mem-

bers and law enforcement. In 2018, the eight largest law enforcement agencies in the state, including the California Highway Patrol, Los Angeles Police Department, San Diego County Sheriff's Department, and the San Diego Police Department, began to collect stop data.

Next week, the first wave of data will be turned over to the California Department of Justice, which will work

with the RIPA board to analyze and publish the data. For the first time, we will have data to accompany public testimonials and deepen our conversation about racial and identity profiling.

This data will enhance the information that the board has already published. In January 2018, the board released California's first statewide report on racial and identity profiling

in law enforcement, which provided baseline information about existing policies and practices to prevent profiling. Its second annual report released in January 2019 included best-practice recommendations that can be incorporated by law enforcement agencies to enhance their policies and procedures.

These recommendations also include working with

the Commission on California Peace Officer Standards and Training, a state agency, to incorporate updated training on implicit bias and racial profiling in police academies and advanced officer training.

Additionally, the 2019 report includes an analysis of civilian complaint data collected in 2017, but cautioned that it was not a clear indication of profiling or lack thereof. The report

offered recommendations to strengthen the complaint policies and procedures at each agency.

Both the board's 2018 and 2019 reports were unanimously approved by individuals with diverse and divergent backgrounds. This board is united in ensuring that California is free from racial and identity profiling in policing.

The community depends on law enforcement for protection, and law enforcement depends on the community to report and help solve crime.

Working together we can keep our communities safe, but we must have honest and sometimes difficult conversations, and the RIPA process allows us to do that.

For more on the RIPA board, visit <https://oag.ca.gov/ab953>.

Robinson and Guerrero are co-chairs of the Racial and Identity Profiling Act (RIPA) Advisory Board. Robinson is the sheriff of Kings County; Guerrero is the executive director of Alliance San Diego.