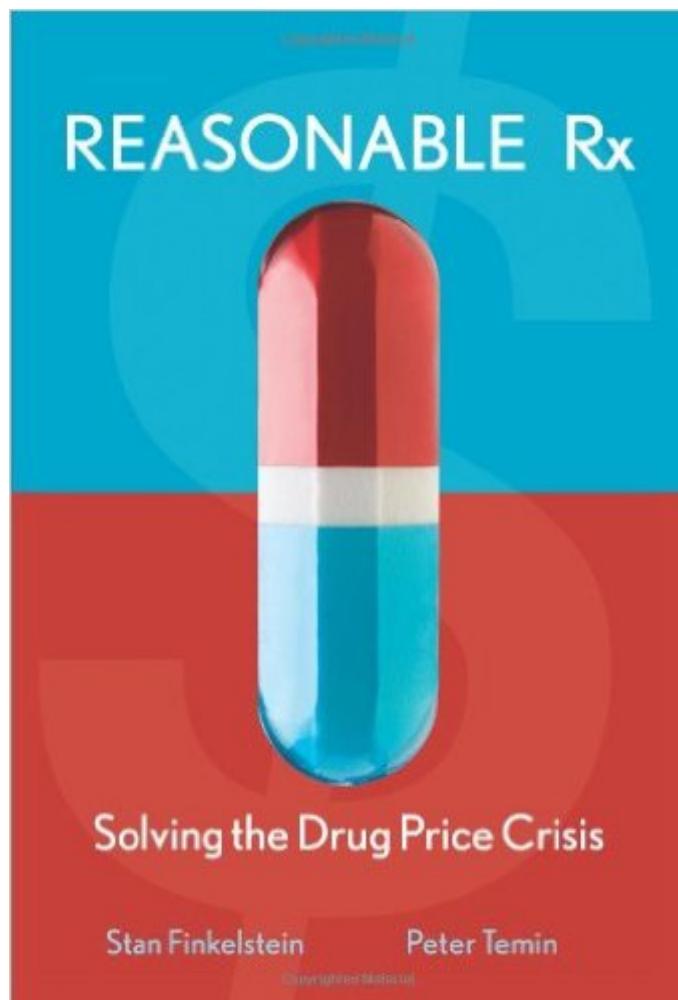


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# Reasonable Rx: Solving The Drug Price Crisis



## Synopsis

A Real Plan for Making Drugs Affordable and Promoting Innovation, Too

This book is a necessity for understanding the pharmaceutical industry. Both the pluses and minuses of the present system are set forth with a judicious combination of historical narrative, economic analysis, and statistical data. The highly original proposals for reform will be a major stimulant to analysis and policy-making.

• "Kenneth Arrow, Nobel Laureate in Economics, Professor Emeritus, Stanford University

• "This is a timely book by authors who know what they are talking about. They tackle a big problem: rising drug prices that are threatening to overwhelm us all and especially those with limited or absent health care insurance. Will we drive people overseas for healthcare? Will there be social unrest? This book describes the problem and then offers a solution. Worth a careful read by everyone, pharmaceutical manufacturers and government policymakers especially.

• "Roger Williams, M.D., Chief Executive Officer of the United States Pharmacopeia and a former senior official of the Food and Drug Administration

• "This book confounds two sets of skeptics: Those who say there's no way to resolve the conflict between the need to fund pharmaceutical research and our desire to keep medicine affordable; and those who think that economics never has anything good to say.

• "Honorable Barney Frank, Congressman from Massachusetts

• "This book comes at the right time and could become the starting point of discussions, which will eventually lead us into new era in the healthcare care industry. It will without a doubt become a must for insiders of the pharma- and biotech industries.

• "Dr. Jürgen Drews, retired President of Roche Pharmaceutical Group Global Research

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## Book Information

Hardcover: 208 pages

Publisher: FT Press; 1 edition (February 2, 2008)

Language: English

ISBN-10: 0132344491

ISBN-13: 978-0132344494

Product Dimensions: 6.2 x 0.8 x 9.3 inches

Shipping Weight: 1 pounds

Average Customer Review: 3.6 out of 5 stars [See all reviews](#) (5 customer reviews)

Best Sellers Rank: #1,673,143 in Books (See Top 100 in Books) #109 in Books > Business & Money > Management & Leadership > Pricing #535 in Books > Textbooks > Medicine & Health Sciences > Administration & Policy > Practice Management & Reimbursement #766 in Books > Medical Books > Administration & Medicine Economics > Practice Management & Reimbursement

## Customer Reviews

This book provides a mediocre analysis of what is wrong with drug prices, and presents a solution that is probably a nontrivial improvement on the status quo, but isn't the most thoughtful solution I've seen. The most important complaint of the book boils down to the fact that knowledge about drug safety and effectiveness is a public good, and the current method of rewarding drug companies for producing that knowledge is mediocre (although the book presents it less clearly than that and seems as interested in blaming drug companies' lack of altruism as it is in analyzing the incentives). For example, it is sometimes possible to identify biomarkers which indicate that a drug will be ineffective in a patient, but that would often reduce sales of the drug. They complain that the current focus on producing a few very profitable drugs is an obstacle to creating personalized treatments. But they do little more than imply that drug companies are misjudging the available opportunities, without presenting any clear evidence that the authors' have better judgment about what's feasible. Their proposed changes to the drug industry involve separating drug development and drug marketing/manufacturing into two different sets of companies, and using a combination of subsidies and contractual price controls (negotiated by a government sponsored nonprofit) to lower the prices of drugs. They didn't convince me that splitting drug companies will produce any significant benefits, although I also don't see it producing harm. The subsidies and price controls are likely to help mitigate some of the problems created by the patent system. Their attempts to show that this solution is better than Kremer's patent buyout proposal suggest they don't understand how much harm patent monopolies cause.

After almost 25 years in the pharmaceutical industry that consisted of numerous positions in the selling, marketing, and development of legal drugs, I consider myself a bit of an expert on the drug trade and its "descent into madness." I was working for a top five player when I decided to become a stay home mom for 4 kids. (and coincidentally, I am now really broke..the money I made was in a word...nnnive!) The main reason for my exodus was the massive changes in the industry that I had excitedly jumped into post college in 1984. Big Pharma has become what I refer to in passing as

"Death Star 2". The authors have done a stellar job in recapping the history of pharmaceuticals and its role in the medical industry. (As an aside, I am a voracious and varied reader and loved the quotes preceding each chapter!) I honestly believe America should rightly consider this industry a pillar of innovation and life saving products. However, as the book points out, the path to Oz gets very complex when the Emerald City becomes driven by extremely wealthy CEO's and profit demanding investors. I found the chapters on drug development and the clinical implications especially compelling. The vast changes in how drugs get to market over the last 15 years are accurately detailed in a readable and entertaining format. The problems inherent in the new system are accurately summarized. University and teaching institutions were once the main players in the clinical trial process. By opening up the gates to profit driven physician practices and other sites that were purely in it for the bucks the industry gave them to enroll patients, the science became tainted and the results were skewed in order to sell more drugs.

The purpose of the book was to introduce a proposal for the restructuring of the American pharmaceutical industry. The authors identify two major problems with the US market for medicine. They acknowledge that most of the world's new medicine has been discovered and continues to be discovered in American labs, and that this is a tribute to the capitalist model. The potential rewards that make smart people work hard to cure illness are to a great extent financial. But the authors believe that we have arrived at the end of the road on two fronts. First, the costs of new medicines is now so high that normal Americans and the US government will struggle to pay for them going forward. Second, we are not discovering new medicines at the rate at which this used to occur. The reason for this, according to the authors, is that the pharmaceutical giants pursue blockbusters, which is what makes sense for them financially. Blockbusters are drugs that don't eliminate an illness, but rather treat a condition forever and ever, and for as wide a population as possible. Like drugs that control the cholesterol in your blood for the rest of your life, for instance. This analysis sounds logical; if that's what works for Hollywood (which has exactly the same business model) it probably works for large pharma too. But of course there is a human angle here. Hollywood is entitled to do as it pleases, because it does not handle matters of life, death, illness and cure. On the other hand, medicine is not an indulgence. Here's what they don't like with the blockbuster model:<sup>1</sup>.

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