Classmate #1:

Dushyant

Hello Professor Bennett and Classmates,

Healthcare cost in the US is on the rise, and I see this first had as health insurance provided by an employer increases by a few percentage points every year. The Co-pay also increases year after year. So rising healthcare cost is evident in our backyards, let alone in the entire healthcare industry.

One of the most significant issues in rising health care cost is ignored, it is the increasing number of claims submitted by hospitals for Medicare and Medicaid (Health Catalyst, 2018). It is due to an aging US population that is now dependent on the federal government for their wellbeing.

The federal government creates the second reason for a sharp increase in healthcare cost. As more and more patients are flocking to hospitals for healthcare through Medicare and Medicaid, the hospitals are not reimbursed accordingly, as per the article (Health catalyst, 2018) the reimbursement provided to hospitals through Medicare and Medicaid programs is not even enough for hospitals to keep the lights on. If hospitals get about 4c- 5c for every dollar billed, how can anyone expect the hospitals to keep health care costs low?. It becomes a fight for survival let alone being profitable and thriving. Cost shifting takes place, and health care keeps rising. No matter how efficient and lean a hospital system gets, if a hospital only accepts Medicare and Medicaid patients and is running at full capacity with those patients and cannot survive on reimbursements from Medicare and Medicaid alone then there is a serious problem with the reimbursement system governed by the federal government.

To restore public confidence in healthcare, the government has to intervene. One of the critical steps is to increase reimbursement to hospitals, so the hospitals are not forced to shift costs to paying (insured) patients. If the current Medicare and Medicaid reimbursement is the right amount for any healthcare service, then every paying (Insured) patient should also be paying the same amount as Medicare and Medicaid payments for the same type of service. This would dry the hospital systems of funds and create a catastrophe in the healthcare world.

Health care costs can be collectively reduced by the efforts of the Government, healthcare entities, insurance agencies and every other organization that has interjected itself to grab a piece of the pie as long as it lasts. The entire focus of the health system in the US has to change from worrying about getting reimbursed, to providing the value of care.

Classmate #

Stephanie

Hello Professor Bennett and Fellow Learning Partners,

I found a Wall Street Journal article on high drug prices and the battle between a billionaire and the pharmaceutical industry. In response to our weekly DQ, this article sides with Pharmaceuticals gouging Americans with high prices of newly approved and marketed drugs, which I believe this view is accurate. If a Pharmaceutical company wants to sell their approved drug in a particular country, that country has the “gatekeeper” to say that their countrymen will not pay the drug makers high prices.  If the Pharmaceutical company wants to sell their drug in that country they must drop the price – which generally happens. In the United States, we do not have a “gatekeeper” at the state level to say we will not pay that high price for your drug as there is most likely is a need for the drug and the drug company will get their asking price.

I believe the drug industry does need the Institute for Clinical and Economic Review (ICER) agency to provide a price range between the benefit and value of the drug.  But that also ICER needs more regulatory power to enforce the set price to the value or patient benefit.  Both the Drug Company and the Insurer will use the ICER reports during their contract negotiations to set prices. Although the ICER reports are used, I am not sure the setting of drug pricing has the best interest of the consumer of this drug.  ICER was created to provide unbiased research of the drug pricing while taking into consideration the drug benefits, and efficaciousness to the drugs already available on the market. I believe ICER should continue with an ongoing review of drug pricing and benefits to allow fair market prices initially while on a patent to allow the pharmaceutical company to capture their market with the intention of dropping prices when the generics come in to remain competitive.

To restore the public’s confidence in having effective drugs available for all, should begin with education about the drug development process. I also believe, the Pharmaceutical company deserves some profit as for the last 10 to 12 years they have lived, ate, and breathed, the drug discovery process before a safe and efficacious drug is available on the market.

The Wall Street Journal article regarding the billionaire, Mr. John Arnold's, he is using his own money to fund “legal challenges to the validity of certain U.S. drug patents, to clear the way for lower-cost generics.” (Loftus, 2018).

Within the article, Mr. Arnold stated, “there are no meaningful checks on the drug industry’s power to set prices” and that “Health spending is large and growing, and the trend line is going in the wrong direction concerning financial sustainability.” (Loftus, 2018).

The generic drug market is competitive. Pharmaceutical companies should also remain competitive and co-share compound ingredients with a generic company in return for profits during the first 1-2 years after the patent expires.

Pharmaceutical companies need to educate the public as to what the actual cost associated with the discovery and development of drugs and share the breakdown. With the transparency of cost as in the Clinical Research Perspectives, August 28, 2018 article, “Evaluation of Clinical Trial Costs and Barriers to Drug Development.” This article shows the associated costs involved in clinical trials and the difference in costs to the type of drug being tested.

Before a new drug can be consumed by patients, it must go through a rigorous set of testing and effective analyses.  A pharmaceutical company may start with several thousand compound variations and end up with only 10 to 20 to begin testing. Pharmaceutical companies must conduct clinical trials to demonstrate safety and efficacy to gain approval from regulatory agencies. The Research and Development (R&D) process of a new drug will have taken approximately 10 to 12 years and costs approximately $2.6 billion.

Let me know your thoughts,