

Rise in Drug Prices Well Outpaces Overall Inflation

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WASHINGTON -- Brand-name prescription-drug prices are rising much faster than the overall rate of inflation, hitting senior citizens hard before they have access to a federal drug benefit, according to two consumer groups.

Prices of the 30 drugs most popular among seniors rose more than four times the rate of general inflation from Jan. 2003 to Jan. 2004, said consumer-advocacy group Families USA. Some rose more. **Pfizer** Inc.'s cholesterol-lowering Lipitor and **Bristol-Myers Squibb** Co.'s Plavix for blood clots increased more than five times inflation during the period reviewed by the report.

The biggest increase -- at 13.2 times inflation -- came in the price of chronic asthma treatment Combivent by Boehringer Ingelheim Pharmaceuticals Inc. Evista, an osteoporosis drug by **Eli Lilly & Co.**, rose more than 10 times the rate of inflation.

A separate report commissioned by the retiree-advocate group AARP found the prices drug makers charged wholesalers for 197 medications rose nearly 28% from 2000 to 2003, while inflation was 9.3%. Such increases, if passed on to consumers, translate to an average spending increase of \$101 in 2000 and \$181 last year, for a person taking three medications, the report said.

The price data renew the attention on high prescription-drug prices, an issue of huge concern to seniors who must wait until 2006 to get drug coverage from the federal Medicare program.

Families USA, which has been critical of the drug-benefit law passed last year by Congress, said the price increases cut into the estimated savings of 11% to 17% beneficiaries can get with Medicare drug-discount cards that begin next month. "Their medicines will be much more unaffordable," said Ron Pollack, the group's executive director.

Jeff Trewhitt of drug-industry group PhRMA said drug prices are in-line with the rate of medical inflation and that the reports "should look at health care in its entirety rather than examining it in silos."

A spokesman for Bristol-Myers, which co-markets Plavix with **Sanofi-Synthelabo** SA, said it considers many factors, such as the prices of competing treatments and research costs, when setting prices for products.

A Boehringer Ingelheim spokeswoman said Combivent's price is lower than other medications in the same category and that recent price increases help bring it in-line with its competitors.

Lilly spokesman Edward Sagebiel said other health sectors are far costlier than prescription drugs and that the company prices its products "fairly and appropriately for the value they deliver to both patients and payers."

Along with its report, AARP released the first issue of a new quarterly "Watchdog Report," a newsletter that will track drug-price increases and highlight individual companies' actions.