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From the National Cancer Institute (D.R.L.) and the National Institutes of Health (F.S.C.) — both in Bethesda, MD.

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## Essential Medicines in the United States — Why Access Is Diminishing

Jonathan D. Alpern, M.D., John Song, M.D., M.P.H., and William M. Stauffer, M.D., M.S.P.H.

On August 10, 2015, Turing Pharmaceuticals bought the marketing rights to pyrimethamine (Daraprim), a decades-old first-line treatment for toxoplasmosis. The price of pyrimethamine immediately increased by 5433%. Heavy scrutiny followed, and although Turing agreed to reduce the price, the drug remains prohibitively expensive for many patients. Recently, at our hospital, an immigrant patient with a new diagnosis of HIV–AIDS and toxoplasmosis couldn't receive first-line therapy because of cost: the price for 100 pills was \$75,000. The patient is currently receiving second-line therapy.

Unfortunately, the highly publicized pyrimethamine acquisition is not unique. Prices have been quietly but dramatically increasing for many older, off-patent drugs. Some of these medicines are considered essential by the World Health Organization (WHO) (see Table 1). In some cases, price hikes have disproportionately affected vulnerable populations, making potentially life-saving therapies unavailable to

disadvantaged patients. It seems that a new business model has emerged: companies are acquiring drugs in niche markets where there are few or no therapeutic alternatives in order to maximize their profits. Unlike new brand-name drugs, the patents of the drugs being targeted by this model expired years ago. These companies seem to have no interest in adding value to the health care system by developing new drugs.

The increased cost of albendazole, an antiparasitic medication, is a case in point.<sup>1</sup> CorePharma acquired the U.S. marketing license for albendazole from GlaxoSmithKline in 2010 and subsequently sold it to a private equity group, Amedra Pharmaceuticals. Amedra then bought the only potential competitor available on the U.S. market, mebendazole, from Teva Pharmaceuticals. Since Amedra's acquisition, albendazole's average wholesale price has increased by 3299%, from \$5.92 per typical daily dose in 2010 to \$201.27 in 2015.<sup>2</sup>

Other pharmaceutical compa-

nies have also used this strategy for manipulating the market. Valeant Pharmaceuticals, a publicly traded company with 2014 revenues of \$8.25 billion, has taken a similar approach with several drugs. Valeant has been forthright about its goal of maximizing profits for shareholders while minimizing research-and-development (R&D) costs; the company currently spends 3% of its total revenue on R&D. Rodelis Therapeutics, a private company with little public transparency, also became notorious for buying the rights to cycloserine — a niche medication used in multidrug-resistant tuberculosis — and immediately increasing its price by more than 2000%. In response to a negative public reaction, Rodelis has since sold the drug back to its previous owner.

Many factors contribute to high pharmaceutical prices, including drug shortages, supply disruptions, manufacturer consolidations, and R&D costs. Though some companies that have purchased and increased the price of niche medicines cite R&D as an

Table 1. Price Increases Affecting Off-Patent Medications on the WHO Model List of Essential Medicines.\*

Drug	No. of Manufacturers	Primary Indication	Year of FDA Approval	Price Increase (%)	Year of Price Increase†
Pyrimethamine (Daraprim)	1	Toxoplasmosis	Before 1982	5433	2015
Dactinomycin (Cosmegen)	1	Multiple cancers	Before 1982	3437	2006
Cycloserine (Seromycin)	1	Multidrug-resistant tuberculosis	Before 1982	2248	2015
Albendazole (Albenza)	1	Echinococcus, neurocysticercosis	1996	1920	2010–2013
Flucytosine (Ancobon)	2	Cryptococcal meningitis	Before 1982	1864	2005–2014
Procarbazine (Matulane)	1	Hodgkin's lymphoma, brain cancers	Before 1982	1537	2004
Praziquantel (Biltricide)	1	Schistosomiasis, other parasitic infections	1982	356	2015
Chlorambucil (Leukeran)	1	Chronic lymphocytic leukemia	Before 1982	334	2012–2015
Penicillamine (Cuprimine)	1	Wilson's disease, cystinuria	Before 1982	300	2015
Sodium nitroprusside (Nitropress)	1	Severe hypertension	Before 1982	212	2015

\* Data on the year of FDA approval are from the FDA Orange Book; data on price increases are from Micromedex.

† Years expressed as a range indicate that the price increased each year.

explanation for high prices, it's hard to find credible evidence of their involvement in substantial drug-development projects. Turing and Amedra state on their websites that they're engaged in research, yet neither company lists substantial R&D activities or publications. Frequent license sales, mergers, and acquisitions obscure the financial picture. This complexity and lack of transparency in the pharmaceutical market enable companies to remain vague about the reasons behind increasing prices.

What makes this business model particularly disturbing is that vulnerable patients — such as immigrants, refugees, and people of low socioeconomic status — are often disproportionately affected, since many of the medications are for tropical or opportunistic infections. These patients often have limited or no access to insurance, or have access only through public programs, so already stark health disparities are

compounded. In addition to pyrimethamine, albendazole, and cycloserine, other anti-infective medications that are often used in treating vulnerable patients have also had dramatic price increases. These include two drugs that are the first-line agents in their respective classes: praziquantel (Biltricide), used for schistosomiasis and other parasitic infections,

be potential targets for opportunistic companies using this business model. Many of these drugs lack therapeutic alternatives, target conditions that contribute to high morbidity and even mortality, are produced by one or few manufacturers, and exist in a market that offers little incentive for new entrants. The WHO recommends that items on the Model

**Many drugs on the WHO Model List of Essential Medicines lack therapeutic alternatives, target conditions that contribute to high morbidity and mortality, are produced by one or few manufacturers, and exist in a market that offers little incentive for new entrants.**

and flucytosine (Ancobon), used for cryptococcal meningitis.

We believe that other older medications on the WHO Model List of Essential Medicines may

List “be available within the context of functioning health systems at all times in adequate amounts . . . and at a price the individual and the community can afford.”<sup>23</sup>

Table 2. Essential Medicines at Risk for Price Increases.\*

Drug	No. of Manufacturers	Indication	First-Line Therapy	Year of FDA Approval
Quinidine gluconate, intravenous	1	Severe malaria	Yes	1989
Rifapentine (Priftin)	1	Tuberculosis and latent tuberculosis	Yes	1998
Rifabutin (Mycobutin)	3	Tuberculosis in some patients with HIV–AIDS	Yes	1992
Pyrazinamide	2	Tuberculosis	Yes	Before 1982
Capreomycin (Capastat)	1	Tuberculosis	No	Before 1982
Streptomycin	1	Tuberculosis	No	1998
Aminosalicylic acid (Paser)	1	Tuberculosis	No	1994
Ethionamide (Trecator)	1	Tuberculosis	No	Before 1982
Pentamidine, inhaled (NebuPent)	1	Pneumocystis prophylaxis	No	1989
Pentamidine, intravenous (Pentam)	1	Pneumocystis treatment	No	1984
Sulfadiazine	1	Toxoplasmosis	Yes	1994
Ivermectin (Stromectol)	2	Onchocerciasis, strongyloidiasis	Yes	1998
Clofazimine (Lamprene)†	1	Leprosy	Yes	1986
Dapsone	2	Leprosy, pneumocystis treatment, toxoplasmosis prophylaxis	Yes	Before 1982
Paromomycin	2	Leishmaniasis, cryptosporidiosis, intestinal amebiasis	Yes	1997
Benznidazole	1	Chagas' disease	Yes	Not approved
Permethrin 5% cream	3	Scabies, lice	Yes	1989

\* Data on the number of manufacturers are from Micromedex; data on the year of FDA approval are from the FDA Orange Book.

† Currently available only under investigational new drug status.

Although many of these drugs may be at risk for price increases, antiinfective agents appear to be the most vulnerable.

We identified 17 antiinfective medications on the WHO list that are produced by three or fewer manufacturers and have limited or no therapeutic equivalents (see Table 2). Seven of these treat tuberculosis; others are first-line treatments for leprosy, strongyloidiasis, malaria, or Chagas' disease. We speculate that these medications may experience dramatic price increases in the future, which would disproportionately affect vulnerable populations in the United States. Ironically, many of these agents are among the least expensive medications available elsewhere; price-control

mechanisms not available in the United States, such as governmental ability to negotiate drug prices, are the primary reason for this discrepancy.

As questionable as the actions of companies such as Turing and Valeant may seem, they don't violate antitrust laws. Even in cases in which anticompetitive behavior is suspected, the Federal Trade Commission (FTC) has been slow to respond or has failed to prove that the company's behavior was anticompetitive.<sup>4</sup> Recently, the FTC began investigating a "restricted drug distribution scheme" by Turing that may limit access to potential generic-drug entrants. A congressional committee is investigating the actions of Valeant, Rodellis, and Retrophin.

Timely market solutions that promote competition are needed when high prices result from monopolies. Currently, there's little incentive for a generic drug company to enter a niche market, especially given the expensive and lengthy process of gaining approval from the Food and Drug Administration (FDA). One recent development has been the FDA announcement that it will expedite the review of abbreviated new drug applications for generic entrants when only one manufacturer exists. This move may encourage potential generic entrants that would otherwise have little incentive to enter a niche drug market with limited sales. In addition, the FDA could consider eliminating user fees in

order to encourage competition in drug markets threatened by limited sales and small profit margins.

One private-sector response has come from compounding pharmacies, which have recently started providing cheaper versions of many drugs that have become prohibitively expensive. Compounded drugs are not subject to FDA approval, and some observers have suggested that the agency consider temporary approval in order to ensure access to essential medicines.<sup>5</sup> Although this approach may help individual patients, it's unlikely to represent a market-wide solution, since compounding pharmacies won't provide access to all essential medicines, have limited capacity, and are not universally available. In addition, because most insurance plans don't cover compounded drugs, the out-of-pocket expenses for patients can be high, further exacerbating disparities.

We believe that empowering

Medicare to negotiate drug prices and opening U.S. markets to imported drugs would be a welcome regulatory response.<sup>5</sup> Quality and safety could be ensured by reliance on reputable regulatory agencies such as the European Medicines Agency and Health Canada. Other globally accepted regulatory mechanisms, such as the WHO guidelines designed to ensure that drugs are produced using acceptable manufacturing and laboratory practices, could also be used.

Until U.S. regulatory leaders and policymakers consider creative proposals for addressing socially detrimental incentives in drug manufacturing and pricing, pharmaceutical companies will continue to grow wealthy at the expense of taxpayers and vulnerable patients. Meanwhile, providers are left prescribing medications that they know are unaffordable, relying on options other than first-line therapies, or assisting patients in acquiring medications

through alternative, unregulated sources.

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From the Division of Infectious Diseases (J.D.A., W.M.S.) and the Center for Bioethics and Division of General Internal Medicine (J.S.), University of Minnesota, Minneapolis.

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## HISTORY OF MEDICINE

# The Great War and Modern Health Care

Beth Linker, Ph.D.

Nearly a century after the United States entered World War I, we can appreciate more than ever its profound effect on medical practice. For many people, World War I conjures up images of men with shell shock, trench foot, and influenza. The burden of these conditions hastened the development of a host of new medical specialties as well as the construction of many hospitals and clinics. For these reasons, some historians believe

World War I was responsible for ushering in modern medicine and the modern hospital.<sup>1</sup> An equally important — yet often overlooked — part of this history was the establishment of rehabilitation medicine, a specialty that helped pave the way for the eventual creation of the Veterans Administration.<sup>2</sup>

Six months after the United States declared war on Germany in April 1917, Congress passed the War Risk Insurance Act. Buried

amid its actuarial language about insuring ships and soldiers' next of kin was a guarantee that all disabled soldiers would receive "rehabilitation and re-education," making the care of disabled soldiers a federal mandate that would be paid for with federal dollars. For the first time in U.S. history, the Army Medical Department recognized rehabilitation medicine as a necessary branch of its health care delivery system.