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MOMENT OF TRUTH: GILEAD COMES TO A PRICING DECISION POINT

Posted on October 7, 2014 by Brendan Buck

The eyes of the health care world – and prime time TV audiences – are focused this week on the high prices of many pharmaceutical drugs. And one looming decision will tell us whether the tide has turned in favor of sustainable pricing – or whether drugmakers still have their heads in the sand.

Following Sunday's "60 Minutes" feature on the high price of cancer drugs, health care leaders are gathering this morning to discuss the drug pricing challenge at an event put on by Health Affairs. Experts, including Dr. Peter Bach who was featured in the "60 Minutes" package, will discuss "the risk [these drugs] pose for exacerbating health care costs and disparities."

But the main event could come later in the week, when the FDA is expected to make an approval decision for Gilead's second hepatitis C drug, Harvoni. Gilead has come under severe criticism from all corners for its decision to price Sovaldi, its initial game-changing hep C drug, at \$84,000 for a round of treatment. With a Harvoni approval comes a decision point for Gilead: set a lower prices that promotes access for patients – or continue the march toward higher and higher pricing.

Another treatment that was given fast-track approval by the FDA, designed based upon already existing R&D, and with an enormous patient population – not to mention from a company paying lower tax rates than most – this next generation treatment is the perfect candidate to be introduced at a much lower price point. Unfortunately, Gilead has been tone-deaf to the calls – from doctors, consumer groups, lawmakers, and others – for sustainable pricing.

With its second generation hepatitis C drug, Gilead has the opportunity to show that it understands the sustainability challenge posed by high drug prices. Gilead can demonstrate it wants to be part of the solution and price its new drug at a much lower level that will promote access. Or the drugmaker can double down on its blank check mentality and continue to charge astronomical prices that put life-saving treatments out of reach for so many.

As soon as this week, we'll know which path it wants to choose.



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