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## The irrational rationale for cancer drug prices, with Novartis' Zykadia as exhibit A

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Why do [cancer drugs](#) cost so much? It's a fundamental question. It's a common one, given the debuts of so many \$100,000-plus treatments over the past few years.

But it's mostly a rhetorical question, at least in the U.S., where drug prices aren't scrutinized by panels of cost-effectiveness watchdogs. We all know the stock answer--because companies need to recoup their development costs. Whether we believe it is something else, as Peter Bach of the Center for Health Policy and Outcomes writes in *Forbes*.



*Peter Bach*

In a guest column, Bach pits two cancer drugs against each other: Pfizer's ([\\$PFE](#)) first-in-class lung cancer treatment [Xalkori](#), and its brand-new competitor from Novartis ([\\$NVS](#)), Zykadia. They're both aimed at the same small sliver of the lung cancer market--patients whose tumors test positive for an ALK gene abnormality. And they're both pricey.

But Zykadia, which came to market second, costs more--\$13,200 per month, compared with Xalkori's \$11,500 per month price, a difference of about \$1,700. To Bach, the two drugs are roughly comparable; we'll defer to that, because he's the expert. No reason for the price difference at the patient level, then.

Pfizer actually conducted two Phase III trials on its drug, compared with Novartis's one, Bach points out, so Novartis can't say it laid out scads more money in development than Pfizer did. Pfizer also started the process of educating doctors about ALK-positive lung cancer and the importance of diagnostic testing; in fact, company execs recently pointed out that ALK testing is on the rise, and Xalkori has benefited from that.

Why, then, the price difference? Bach posits that Novartis slapped its \$13,200 price tag on Zykadia simply because it could.

Back when Xalkori first won approval, 6-figure cancer drug prices weren't so common as they are now, Bach points out. Pfizer explained its hefty price for Xalkori with some impressive response rates in a tough type of lung cancer. Plus, as a treatment for a small number of NSCLC patients, Xalkori's cost wouldn't be a huge burden, population-wise.

Now, with a host of pricey treatments on the market, Novartis's \$13,200 sticker price on Zykadia doesn't sound as extreme as it might have once.

Bach says Novartis has some explaining to do. He's not a stranger to price-based debates, either. A few years ago, he and his Memorial Sloan-Kettering Cancer Center colleagues turned away Sanofi's

([\\$SNY](#)) brand new colon cancer drug [Zaltrap](#), saying its 6-figure price was way too much for the benefits it conferred. In an op-ed piece in *The New York Times*, Bach and his co-authors explained their thinking--and suggested that more such decisions would follow.

They might also have promised pricing debates even beyond the oncology field, what with hepatitis C drug costs making headlines every other day now. What they couldn't promise then--and Bach can't now--is a reasonable, reality-based discussion about drug prices, patient choices, and societal burdens. Much less a quick, fact-based answer to the question at hand.

- see the [column](#) in *Forbes*

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