



**INSIDE CMS - 12/04/2014**

## **Public Citizen, Newt Gingrich Suggest Gov't Buy Patents For Expensive, Life-Saving Rx**

Posted: December 03, 2014

It's not common for Public Citizen and Newt Gingrich to agree on policy, but it seems they both think it would be a good idea for the government to buy the patent rights for expensive, life-saving drugs, then make the drugs available to everyone. The policy -- rejected by the pharmaceutical lobby as government price controls -- is the latest idea for dealing with high-priced, large-volume drugs such as Sovaldi that health plans and providers fear are going to break the health care system.

Public Citizen President Robert Weissman testified Wednesday (Dec. 3) before the Senate Veterans Affairs Committee on proposals to deal with the price of specialty medications, such as Gilead Science's hepatitis C drugs Sovaldi and Harvoni. A 12-week course of Harvoni costs \$94,500, and it is estimated that 3.2 million are infected with hepatitis C.

One solution, Weissman said, is for the government to buy the patents from Gilead and make treatment available to everyone for the same amount of money, or potentially less, than government programs otherwise would spend to make treatment available to fewer people by rationing it. Weissman said he doesn't prefer this approach because it costs the government close to what it would have paid, but it's better than nothing because it achieves universal coverage, including people with private insurance, instead of only treating the sickest individuals.

"Here's how the patent buyout approach might work: Gilead is paid \$100 billion right now. Treatment is made available to everyone who needs it, as soon as suppliers can ramp up," Weissman prepared testimony states. "With a marginal cost of production of say, \$200, the cost of providing medicine to each of 3 million patients is only an additional \$600 million."

The day before Weissman testified, former House Republican Speaker Newt Gingrich described a similar approach when he was asked about hepatitis C drug costs at an event sponsored by the Academy of Managed Care Pharmacy.

"I think there are some drugs where it may either lead the government to buy the patent rights to figure out some way to make it a public commodity, because it is so expensive if it stays at a monopoly level," Gingrich said.

Gingrich emphasized that the policy should be reserved for drugs that are "very life-changing," and he said individuals should pay for drugs that are marginally better than those already on the market.

Another solution suggested by Weissman is for the government to apply a law that permits it to use patented inventions if it pays reasonable compensation to the patent owner. Under this scenario, the federal government would authorize generic drug manufacturers to make and sell the product.

Weissman said the scope of the government use could vary. The generic drugs could be used to treat hepatitis C patients served only by a particular agency, such as the Department of Veterans Affairs, or for hepatitis C patients under all government programs, including Medicaid and Medicare. Or, a new program could be created that would cover all Americans.

Under this solution, the government would have the ability to negotiate purchases from generic makers anywhere in the world that satisfy quality considerations, he said, and likely could obtain a course of a treatment at a cost of several hundred dollars per patient. "A significant, additional expense would be incurred in paying royalties to Gilead, but overall costs would remain a tiny fraction of current prices," Weissman said. "With these reduced prices, treatment could easily be provided to all."

**Pharmaceutical Research and Manufacturers of America spokesman Robert Zirkelbach said buying patents is a form of government price controls.**

"This would have the same effect as government price controls as it would inhibit the development of new treatments and potential cures against the most costly and challenging diseases," he said.

*-- John Wilkerson, Michelle M. Stein  
Inside CMS - 12/04/2014 , Vol. 17, No. 49 80346*