

The freedom of making profit off your drug versus the responsibility of providing affordable medicine: Are the list prices for insulin justified?

In the US, a person with type 1 diabetes incurs an average cost of \$5705 in 2016, whereas the cost for the same patient was \$2864 in 2012. This nearly 100% increase in price over the course of 4 years certainly does show that affordability has significantly reduced.



Freedom of companies to make profits

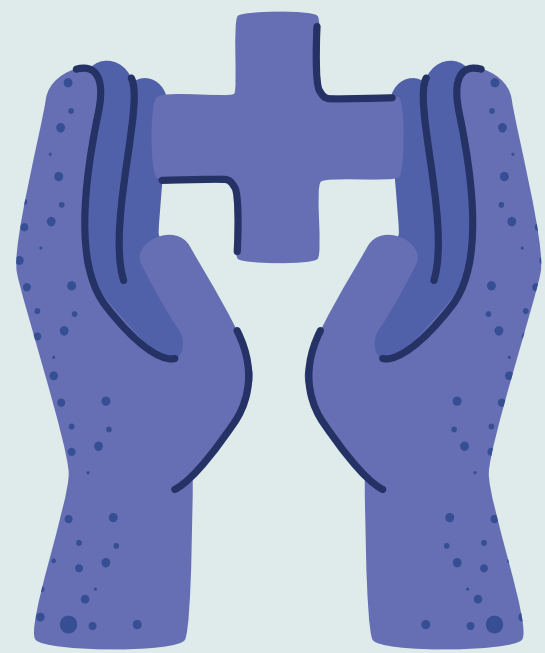
Pharmaceutical companies should be free to make a profit to incentivise them to invent, to innovate, and to disclose. It is well-established that developing and introducing a new drug to the market needs a lot of funding, time and represents a huge risk.



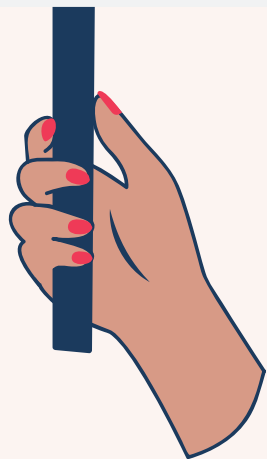
State's responsibility

Governments are established to serve the people. In western societies the protection of basic human rights is one of their key responsibilities.

In the case of insulin, the state is tasked with protecting the right to patent, as well as protecting the interest of the public by monitoring the limited monopoly established by the patent.



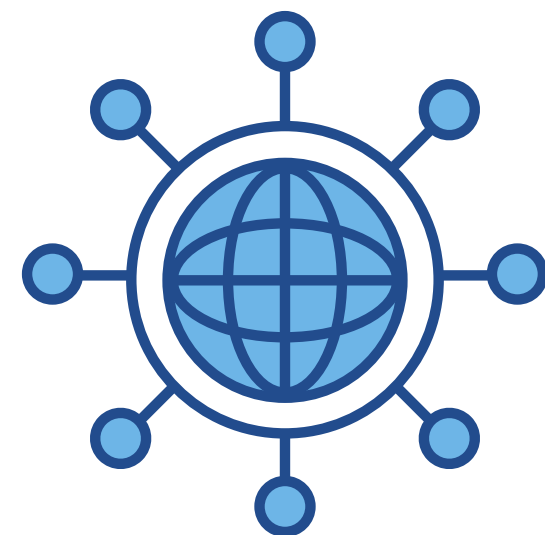
Right to Health?



The right to health is a basic human right which entails the right of access to life-saving drugs. There are people that argue that the intellectual property laws do not coincide with this right, as it establishes monopoly power for those owning the patent for producing the life-saving drug, such as insulin.

Trade-Related Aspects of Intellectual Property Rights (TRIPS)

All the members of the World Trade Organisation (WTO) agreed on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) which is considered to be the first international treaty establishing a minimum level of patent protection.



The Industry

Insulin is produced in an oligopolistic market structure which can lead to price increases through price leadership mechanisms, which are incentivised by PBM's.



Healthcare system and Pharmacy Benefit Management (PBM)

Pharmacy Benefit Managers (PBM), empower drug manufacturers and insurance providers to the point that prices and availability of drugs are completely unfavorable for the public.



Policy recommendations

A universal healthcare system

Linking out-of-pocket costs of consumers not to list prices but rather to the negotiated price between pharmaceuticals and PBM which is significantly lower.

Extend the use of compulsory licensing to enable other manufacturers to supply patented drugs.

The denial of public fundings to companies which charge excessive prices for medicines.

Establishment of a state-owned generic drug manufacturer which regulates supply and prices of essential drugs such as insulin.

