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News Release

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EMBARGOED: **Hold for release until Monday, Oct. 1, 2012, 12:01 a.m. ET**
Mayo Clinic Proceedings

VIDEO ALERT: Video of Dr. Rajkumar discussing the commentary is posted on the Mayo Clinic News Network.

For Immediate Release

Mayo Clinic Physicians ID Reasons for High Cost of Cancer Drugs, Prescribe Solutions

ROCHESTER, Minn. — A virtual monopoly held by some drug manufacturers in part because of the way treatment protocols work is among the reasons cancer drugs cost so much in the United States, according to a commentary by two Mayo Clinic physicians in the October issue of the journal *Mayo Clinic Proceedings.* Value-based pricing is one potential solution, they write.

"Cancer care is not representative of a free-market system, and the traditional checks and balances that make the free-market system work so efficiently in all other areas are absent when it comes to most cancer treatment," write authors, Mustaqeem Siddiqui, M.D., an oncologist and Vincent Rajkumar, M.D., a hematologist.

For example, when it comes to antibiotics to treat a given infection or over-the-counter painkillers, a physician or patient can choose between multiple drugs that do the same thing. But cancer drugs are administered to patients sequentially or in combination, creating a virtual monopoly for each drug. This is one of the principal reasons for the high cost of cancer therapy.

Other factors include the expense of drug development; the high price that patients and insurers are willing to pay for even modest improvement in outcomes; and a lack of regulations such as a cost effectiveness analysis to account for economic and value-based considerations in the drug approval and pricing process, the physicians write.

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Solutions the authors recommend include:

- Value-based pricing that includes discrete metrics such as an incremental cost effectiveness ratio per quality-adjusted-life-years gained, as a result of a particular treatment. Quality-adjusted-life-years is an estimate of the number of years added to a patient's life by a specific drug intervention, adjusted for quality of life.
- A Food and Drug Administration mandate requiring drug companies to submit a value dossier when seeking drug approval. This information would give patients and physicians the ability to make better-informed decisions about treatment.
- Centers for Medicare and Medicaid Services powers to negotiate payments for cancer drugs.
- Improved national cancer guidelines providing evidence-based analysis of quality of life, mortality data, benefits, risks and cost for all possible treatment options.
- Monopoly rules to determine if a particular drug will operate in a monopoly situation. Such drugs would be subject to legally mandated or voluntary price controls in exchange for expedited approval or other remedy.
- Non-profit generic drug companies to manufacture and distribute generic cancer drugs at a very low cost.