

# THE CONTROVERSY OVER RISING DRUG PRICES: THE PUBLIC'S VIEWS

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STAT

## INTRODUCTION

A new poll of adults in the United States by *STAT* and Harvard T.H. Chan School of Public Health finds that public concerns about the unreasonableness of brand-name prescription drug prices is fueling support for major governmental action to negotiate or set brand-name drug prices in the future.

About three-fourths (76%) of the public believes that brand-name prescription drug prices are unreasonably high today. This contrasts with the much lower 26% that believe generic prescription drug prices are unreasonable. A majority of both Democrats (80%) and Republicans (70%) believe brand-name prescription drug prices are unreasonable. This view was also found among both the 20% who reported that paying the costs of prescription drugs was a major problem for themselves and their families and the 80% who did not report that it was major problem.

Although much media attention has been focused on a small number of very high-priced medicines to treat serious diseases, a majority of the public (54%) report being more concerned about future rising prices for more routine brand-name drugs than about very high-cost drugs (30%).

In addition, the pressure for government intervention here is being spurred even further by the public's response to three recent cases of pricing decisions by pharmaceutical companies that received substantial media attention. In all three cases, more than 90% of the public sees the companies' pricing decisions as being unreasonable, although they represent different types of medical situations. *Table 1* shows the public's response to these cases.

TABLE 1: Americans' views about the unreasonableness of three price-setting decisions

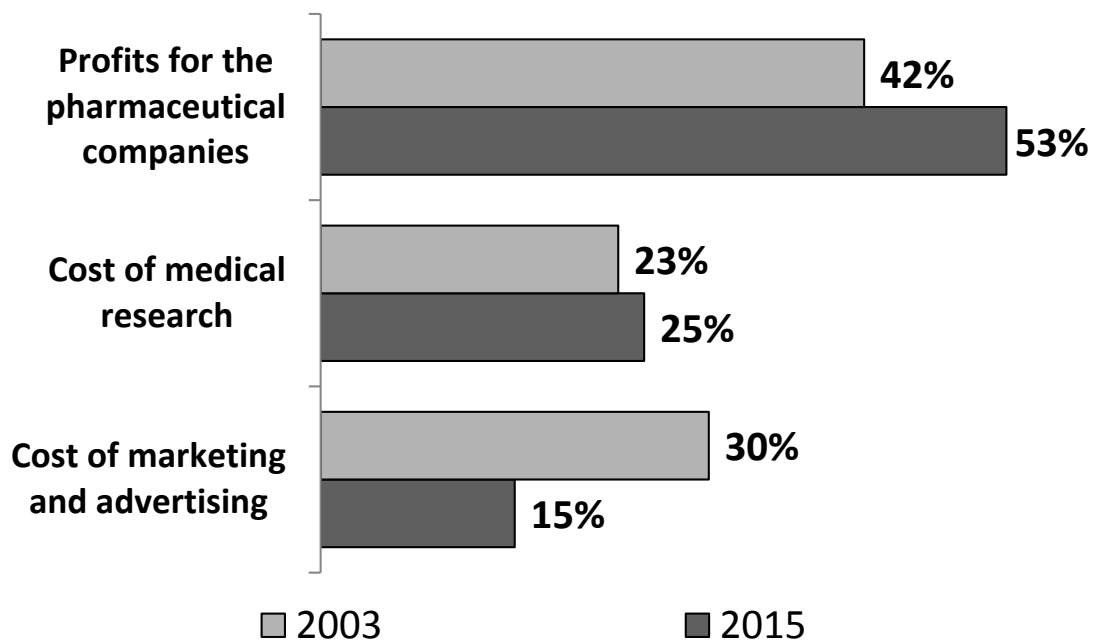
	% saying this is unreasonable
Recently, a pharmaceutical company launched a new drug for high cholesterol and set the price at more than \$14,000 per month of treatment. Patients would need to take this medicine for the rest of their lives to reduce their risk of heart attack or stroke. (Vignette 1)	92
Recently, a pharmaceutical company raised the price of the standard drug used to treat a rare, life-threatening parasitic infection by more than 5,000 percent, from \$13.50 to \$750 per pill. (Vignette 2)	96
Recently, a pharmaceutical company launched an exclusive new drug to cure hepatitis C and set the price at \$1,125 per pill, or about \$100,000 for a full course of treatment. (Vignette 3)	92

## GENERAL BACKGROUND

The controversy over high drug prices comes at a time when the pharmaceutical industry is seen less favorably than in the past by the public in general. Almost two decades ago, when the public was asked to assess how well pharmaceutical companies were serving their consumers, nearly eight in ten (79%) said they were doing a good job, 19% a bad job (Harris Poll, February 1997). The *STAT*/Harvard T.H. Chan School of Public Health poll finds that 49% now say pharmaceutical companies are doing a good job, 41% a bad job.

When asked which of three factors contributes most to drug prices, a majority (53%) of Americans identified pharmaceutical company profits as the chief cause. That is more than double the 25% that believed pharmaceutical-related medical research was the main reason. The proportion believing that profits are the most important contributor to drug prices rose from 42% in an April 2003 Harris Poll (*Figure 1*).

FIGURE 1: Americans' beliefs about what contributes most to the price of prescription drugs, 2003 and 2015.



*Note:* 2003 data from Harris Poll, April 2003; slightly different wording for the first response: “Profit margin”. “Don’t know/Refused” responses not shown.

Source: *STAT*/Harvard T.H. Chan School of Public Health Poll, November 2015.

## SUPPORT FOR GOVERNMENT ACTION

In order to measure support for various policy choices being discussed by political figures today, the *STAT*/Harvard T.H. Chan School of Public Health poll in a series of questions offered the public a number of options for how government might respond to rising prescription drug prices. The most significant issue addressed was whether the federal government should intervene directly with the price-setting decisions of pharmaceutical companies. The poll described the federal government’s potential role in two ways. In the first, the federal government’s Medicare program would negotiate prices on all prescription drugs with pharmaceutical companies to lower prices for seniors. The other described the federal government’s Medicare program establishing price controls on all prescription drugs for seniors. Negotiating with drug companies is favored by 69% of the public, while price controls are favored by 55% (*Table 2*).

TABLE 2: Americans’ views about Medicare price negotiation and price controls on prices of prescription drugs for seniors, by party identification

	Total %	Democrat %	Republican %
The federal government’s Medicare program negotiating with pharmaceutical companies to lower the prices of prescription drugs for seniors			
Favor for ALL Rx drugs	69	77	67
Favor just for high-cost Rx drugs	13	12	13
Favor, but don’t know if it should be for all drugs or just high-cost drugs	2	4	1
Oppose negotiation	12	6	17
The federal government’s Medicare program establishing price controls on prescription drugs for seniors			
Favor for ALL Rx drugs	55	62	47
Favor just for high-cost Rx drugs	12	12	15
Favor, but don’t know if it should be for all drugs or just high-cost drugs	2	3	1
Oppose price controls	22	15	29

*Note: “Don’t know/Refused” responses not shown.*

The findings suggest that how the federal government interacts with the pharmaceutical industry in its efforts to lower drug prices is important to a share of the general public. For example, when the policy is described as Medicare negotiating prices for all drugs for seniors, support was 77% among Democrats and 67% among Republicans. When described as price controls for all drugs for seniors, 62% of Democrats support the policy, compared to only 47% of Republicans.

The polls also finds that an additional share of the public would favor Medicare negotiating (13%) or establishing price controls (12%) for seniors just for high-priced drugs for illnesses like hepatitis or cancer.

A majority of the public does not believe that either of these approaches to lowering prices would lead the pharmaceutical industry to develop fewer new drugs in the future. Only 26% believe this would happen with government negotiations, and 35% with government establishing price controls.

The poll went further than these two policy choices in priorities for government action, in the belief that other options would emerge as this debate continued into the election season. To make the choices more concrete, the poll focused on three different cases involving very high priced drugs (*described in Table 1*). The public was asked to choose among three options for government action relating to each case: government price negotiations, allowing imports from other countries, and reducing regulations on drug development and letting market forces work (*Table 3*). Between the three different cases, government negotiation of prices was the most frequently-chosen response, preferred by 43% to 50% of the public. The second most frequently chosen, allowing drugs to be imported from other countries, was preferred by 25% to 32% of the public. The least often cited approach was reducing regulations on drug development and letting market forces work, preferred by 19% to 21%.

TABLE 3: Americans’ views on what action government should take to address three kinds of drug-pricing situations in the future, by party identification

	Vignette 1			Vignette 2			Vignette 3		
	Total %	Dem %	Rep %	Total %	Dem %	Rep %	Total %	Dem %	Rep %
The government should negotiate a lower price for the drug	<b>43</b>	50	42	<b>50</b>	62	41	<b>44</b>	57	30
The government should allow Americans to purchase this same drug at a lower price from other countries, if available	<b>32</b>	34	26	<b>25</b>	24	24	<b>28</b>	20	39
The government should reduce regulations on drug development and let market forces work	<b>19</b>	11	28	<b>20</b>	9	33	<b>21</b>	16	25

*Note: “Don’t know/Refused” responses not shown.*

In these cases, Republicans were more likely than Democrats to favor reducing regulations on drug development and letting market forces work. Also, in all three cases, at least half of Democrats (50% to 62%) preferred government negotiating prices with the industry, while a minority of Republicans chose this option (30% to 41%). This suggests that although there is bipartisan belief that many brand-name drugs are unreasonably priced, today there is still no universal agreement on what specific actions should be taken by the federal government in addressing this problem in the future.

## THE POLITICS OF THE DRUG-PRICING CONTROVERSY

The poll results show that at this stage of the debate over the future of this issue, neither political party has a majority advantage among the public as the party better able to slow the future rise of prescription drug prices. Democrats are seen as the better party to handle this issue by 39% and Republicans by 30%. Looking at the Democratic primary, where the drug-price issue has surfaced for discussion a number of times, former Secretary Hillary Clinton has a slight advantage over Senator Bernie Sanders (44% to 34%) among Democrats and Independents combined on who would do a better job slowing the growth of prescription drug prices. However, Democrats are more likely to believe Clinton would do a better job on this issue (60%), while Sanders leads among Independents with 42%. These numbers may change as the parties and candidates talk about more specific proposals relating to lowering prescription drug prices and their positions receive more media attention.

Taken together, the results of this poll suggest that with such high levels of public concern about the unreasonableness of brand-name prescription drug prices and support for one or more major government interventions, this is likely to be an important health care issue in the 2016 election.

## METHODOLOGY

This poll was conducted by *STAT* and Harvard T.H. Chan School of Public Health. Representatives of the two organizations worked closely to develop the survey questionnaire and analyze the results of the poll. *STAT* and Harvard T.H. Chan School of Public Health paid for the survey and related expenses.

The project team was led by Robert J. Blendon, Sc.D., Richard L. Menschel Professor of Health Policy and Political Analysis at Harvard T.H. Chan School of Public Health, and Gideon Gil, Managing Editor, Enterprise and Partnerships of *STAT*. The Harvard research team also included John M. Benson, Caitlin L. McMurtry, and Justin M. Sayde.

Interviews were conducted with a nationally representative sample of 1,023 randomly selected adults, ages 18 and older, via telephone (including cell phones and landlines) by SSRS of Media, Pennsylvania. Interviews were conducted in English and Spanish. The interviewing period was November 4-8, 2015. The data were weighted to reflect the demographics of the national adult population as described by the U.S. Census.

When interpreting these findings, one should recognize that all surveys are subject to sampling error. Results may differ from what would be obtained if the whole U.S. adult population had been interviewed. The margin of error is  $\pm 3.6$  percentage points.

Possible sources of non-sampling error include non-response bias, as well as question wording and ordering effects. Non-response in telephone surveys produces some known biases in survey-derived estimates because participation tends to vary for different subgroups of the population. To compensate for these known biases and for variations in probability of selection within and across households, sample data are weighted by household size, cell phone/landline use and demographics (sex, age, race/ethnicity, education, and region) to reflect the true population. Other techniques, including random-digit dialing, replicate subsamples, and systematic respondent selection within households, are used to ensure that the sample is representative.



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**STAT/Harvard T.H. Chan School of Public Health Poll**

**The Controversy over Rising Drug Prices:  
The Public’s Views**

This survey was conducted for *STAT* and Harvard T.H. Chan School of Public Health via telephone by SSRS, an independent research company. Interviews were conducted via telephone (cell phone and landline) November 4 - 8, 2015, among a nationally representative sample of 1,023 U.S. adults. The margin of error for total respondents is +/- 3.6 percentage points at the 95% confidence level. More information about SSRS can be obtained by visiting [www.ssrs.com](http://www.ssrs.com)

**Impressions of the Pharmaceutical Industry**

**(Asked of half-sample A; n = 498)**

PD-01. Do you think pharmaceutical and drug companies generally do a good job or bad job serving their consumers?

Good job	Bad job	Don't know/ Refused
49	41	10

**Perceptions of Prescription Drug Prices**

**(Asked of half-sample B; n = 525)**

PD-02. Which of the following do you think contributes most to the price of prescription drugs?

	%
The cost of medical research	25
The cost of marketing and advertising	15
Profits for the pharmaceutical companies	53
Don't know/Refused	7



**(Asked of everyone)**

PD-03. What concerns you most about the future... (READ LIST)?

	%
Very high prices for medicines to treat serious diseases like cancer or hepatitis	30
Rising prices on medicines that people need more often for common conditions like high blood pressure or high cholesterol	54
Both equal (vol)	9
Neither (vol)	3
Don't know/Refused	4

**(Asked of half-sample C; n =492)**

PD-04. Compared to other goods and services you purchase, how reasonable or unreasonable do you think the prices of the following items are? How about (read item, randomize)? Do you think the prices are reasonable or unreasonable?

a. Brand-name prescription drugs

Reasonable	Unreasonable	Don't know/ Refused
18	76	6

b. Generic prescription drugs

Reasonable	Unreasonable	Don't know/ Refused
70	26	4

**(Asked of half-sample D; n = 531)**

PD-05. Regardless of how you usually vote, do you think the Republican Party or the Democratic Party would do a better job slowing the growth of prescription drug prices?

Republican Party	Democratic Party	Both equal (vol)	Neither (vol)	Don't know/ Refused
30	39	3	12	16

**Possible Solutions to Drug Prices**

**(Asked of half-sample F; n = 502)**

PD-06. Would you favor or oppose the federal government’s Medicare program negotiating with pharmaceutical companies to lower the prices of prescription drugs for seniors?

Favor	Oppose	Don’t know/ Refused
84	12	4

**(Asked of those who favor Medicare negotiating with pharmaceutical companies to lower prices of prescription drugs for seniors)**

PD-07. Should Medicare do this for all prescription drugs, or just high-cost ones for illnesses like hepatitis or cancer?

**PD-6/7 Combo Table  
Total half-sample F Respondents**

The federal government’s Medicare program negotiating with pharmaceutical companies to lower the prices of prescription drugs for seniors	%
Favor for ALL Rx drugs	69
Favor just for high-cost Rx drugs	13
Favor, but don’t know if it should be for all drugs or just high-cost drugs	2
Oppose negotiation	12
Don’t know/Refused	4

**(Asked of half-sample F; n = 502)**

PD-08. If Medicare negotiated lower prices on prescription drugs for seniors, do you believe or do you not believe this would cause the pharmaceutical industry to develop fewer new drugs?

Yes, believe	Do not believe	Don’t know/ Refused
26	64	10

**(Asked of half-sample E; n = 521)**

PD-09. Would you favor or oppose the federal government's Medicare program establishing price controls on prescription drugs for seniors?

<b>Favor</b>	<b>Oppose</b>	<b>Don't know/ Refused</b>
69	22	9

**(Asked of those who favor Medicare establishing price controls on prescription drugs for seniors)**

PD-10. Should Medicare do this for all prescription drugs, or just high-cost ones for illnesses like hepatitis or cancer?

**PD-9/10 Combo Table  
Total half-sample E Respondents**

The federal government's Medicare program establishing price controls on prescription drugs for seniors	%
Favor for ALL Rx drugs	55
Favor just for high-cost Rx drugs	12
Favor, but don't know if it should be for all drugs or just high-cost drugs	2
Oppose price controls	22
Don't know/Refused	9

**(Asked of half-sample E; n = 521)**

PD-11. If Medicare established price controls for prescription drugs for seniors, do you believe or do you not believe this would cause the pharmaceutical industry to develop fewer new drugs?

<b>Yes, believe</b>	<b>Do not believe</b>	<b>Don't know/ Refused</b>
35	55	10

## **Prescription Drug Prices Vignettes**

**(Asked of one-third sample X; n = 331)**

PD-12. Recently, a pharmaceutical company launched a new drug for high cholesterol and set the price at more than \$14,000 per month of treatment. Patients would need to take this medicine for the rest of their lives to reduce their risk of heart attack or stroke.

Would you say that this price is reasonable or unreasonable?

<b>Reasonable</b>	<b>Unreasonable</b>	<b>Don't know/ Refused</b>
5	92	3

**(Asked of one-third sample X; n = 331)**

PD-13. Which one of the following actions do you think the government should take to address these kinds of prices?

	<b>%</b>
The government should negotiate a lower price for the drug	43
The government should allow Americans to purchase this same drug at a lower price from other countries, if available	32
The government should reduce regulations on drug development and let market forces work	19
Don't Know/Refused	6

**(Asked of one-third sample Y; n = 354)**

PD-14. Recently, a pharmaceutical company raised the price of the standard drug used to treat a rare, life-threatening parasitic infection by more than 5,000 percent, from \$13.50 to \$750 per pill.

Would you say that this price increase is reasonable or unreasonable?

Reasonable	Unreasonable	Don't know/ Refused
3	96	1

**(Asked of one-third sample Y; n = 354)**

PD-15. Which one of the following actions do you think the government should take to address this kind of price increase in the future?

	%
The government should negotiate a lower price for the drug	50
The government should allow Americans to purchase this same drug at a lower price from other countries, if available	25
The government should reduce regulations on drug development and let market forces work	20
Don't Know/Refused	5

**(Asked of one-third sample Z; n = 338)**

PD-16. Recently, a pharmaceutical company launched an exclusive new drug to cure hepatitis C and set the price at \$1,125 per pill, or about \$100,000 for a full course of treatment.

Would you say that this price is reasonable or unreasonable?

Reasonable	Unreasonable	Don't know/ Refused
3	92	5

**(Asked of one-third sample Z; n = 338)**

PD-17. Which one of the following actions do you think the government should take to address this kind of high price in the future?

	%
The government should negotiate a lower price for the drug	44
The government should allow Americans to purchase this same drug at a lower price from other countries, if available	28
The government should reduce regulations on drug development and let market forces work	21
Don't Know/Refused	7

**Personal Experiences with Prescription Drug Prices**

PD-18. Is paying for the costs of prescription drugs a major problem for you and your family, or not a major problem?

<b>Major problem</b>	<b>Not a major problem</b>	<b>Don't know/Refused</b>
20	79	1

**(Asked of Democrat and Independent; n = 683)**

PD-19. As of now, in the Democratic field of presidential candidates, both Hillary Clinton and Bernie Sanders have pledged to slow the growth of prescription drug prices. Which of these candidates do you think would do a better job of doing this?

	<b>Hillary Clinton</b>	<b>Bernie Sanders</b>	<b>Neither (vol)</b>	<b>Both equal (vol)</b>	<b>Don't know/Refused</b>
Dems + Inds	44	34	9	1	12
Dems	60	25	2	1	12
Inds	31	42	14	2	11