

# The Change Election

Both political parties agree that significant changes are needed in the nation's health-care system, but making these improvements will prove more difficult than either presidential candidate was willing to acknowledge. For drug-makers, a worthy goal is to keep prices in line and thus allow for greater use and better compliance.

The overwhelming Barack Obama victory in the presidential election should send a signal that the current state of health care in America is ripe for change. Mr. Obama made no secret of his long-term desire for single-payer health coverage. Most Americans may not want government-controlled care, but they do want some changes to our current system.

Our current system is not sustainable. Costs are rising beyond affordability for the insured population. Most employers are faced with annual decisions to pass along more costs to employees or to cut benefits. Many small employers are dropping coverage entirely. It has become a problem that is bankrupting the auto industry.

For drug-makers, the signals are clear. They must find a way to keep drug costs reasonable as co-pays for branded drugs rise each year. Consumers are facing a health-care cost bubble. We need to learn the lessons from housing. Prices cannot rise long term beyond the ability of people to pay. If they do, consumers will not use the prescription drugs, or will use fewer, or buy from foreign countries. The drug-makers cannot expect success unless drug costs are kept in line. We recognize drug costs are minor compared to other parts of health care that are rising even faster. That being said, that does not make the problem go away.

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Drug-makers need to encourage greater use. There is no doubt cholesterol, blood pressure, diabetes and many other conditions are under-treated. Keeping prices in line will allow for greater use and better compliance as directed by the doctor. We need much more enrollment in existing price support programs offered by drug companies. That means more advertising of the existence of these programs and more metrics to judge real success. While the drug lobby is proud of its efforts, the numbers enrolled are a very

small percentage of those who need help.

There is no doubt that the Obama administration will find ways to lower prices short of outright price controls. We will get more negotiation through Medicare, and some foreign importation. Neither is the panacea the Democrats expect. Private insurers already negotiate hard on Medicare's behalf so how much more can be squeezed is open to debate. Foreign imports are not without safety risk and drug makers will not produce excess supply in Europe just to have it sent back to the USA.

Obama's goal of providing more coverage at less cost is unfortunately flawed. Having more people insured and forcing insurers to cover pre-existing conditions raises costs. Insurers will just not play in that space. If they do, then they will have higher deductibles and co-pays. The only viable health-care solution is to attack cost of treatment.

This will lead to rationing as it is done in many countries. This means having age limits for certain treatments and more palliative care for elderly patients. No more bypasses for grandpa after age 70. No heroic treatment for the terminally ill. The tough choices are never made part of a campaign. Neither Obama nor Republican John McCain ever said that Americans need to make tough choices. They do and President Obama will find that his plan will not increase coverage while reducing cost. He will also find that prevention, while a good societal goal, will raise costs in the short run.

Good luck Mr. Obama. We support change in our health-care system but it is not going to be as easy as executing a campaign slogan. ■



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