Drug Prices Escape Market Forces

Why are medication prices different for everyone? In any other market, price is transparent and determined by supply and demand. But drug prices today are determined by secret negotiations between drug companies, hospitals, and health plans. Regarding price transparency, a reporter writes, “because each patient’s price will be different, how do you disclose a price that will be relevant and useful for everyone who sees it.”

The problem is patients don’t pay. Thus, drug prices can be as high as well-heeled negotiators make them. Until patients pay for their own medications and insurers reimburse patients, don’t expect prices to have anything to do with patient pocketbooks, supply and demand, or market pricing.