Drug Ads Add Up

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Are pharmaceutical pitches breaking your bank? Activists have long claimed that high Rx prices result not from heavy research-and-development expenses, as the drug companies say, but from the profit motive. Yet a recent study of annual reports by DC-based AIDS Action found that the 15 largest U.S. drug companies collectively shelled out nearly three times the amount spent on r&d ($24 billion) for something else entirely: marketing ($68 billion). “The *Titanic* didn’t need ads to get people to the life-boats,” AIDS Action’s head, Daniel Zingale, sniffed. “They needed to get more life-boats to the people.”

But industry reps charge that the study was skewed by including administrative costs in the advertising and marketing figures. “It’s a strange mix,” said Jeff Trewitt, spokesperson for Pharmaceutical Research and Marketers of America. “Those administrative costs are legitimate.” Even so, said AIDS Action, a company should keep down overhead spending to justify “lowest possible price” claims.

One consumer with the pocketbook power to make change? The federal government, which—through its Medicaid and AIDS Drug Assistance Programs (ADAP)—is the country’s biggest payer for anti-HIV drugs ($1.5 billion annually). According to Peter Arno, professor of health economics at Albert Ein-stein Medical College, the study actually undercounted the feds’ AIDS-med bill. “The government has huge leverage to bring prices down,” he said.

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