

Sunday School Resumes at 9:15am on Sunday, September 4

Worship at 10:25am

Dear Class Member,

The EpiPen, a 25-year-old device for delivering a lifesaving dose of medicine in emergency situations to persons undergoing severe allergic reactions, became news last week when it was revealed that the pharmaceutical company that makes the device has increased the price some 500 percent since 2007. Since there is no direct competitor for the EpiPen and more than 3 million people nationwide rely on the device, critics have accused the drug company of price gouging.

While this news could be pursued in terms of economic theory, we are going to look at it from the point of view of the moral and ethical use of resources, which leads us to think about even our own resources, and what could or should be made available to others. So that will be the topic of this installment of our next class.

If you wish to start thinking about our topic in advance, below is some introductory material.

The Wired Word invites us to contribute news story suggestions for upcoming lessons. If you have a story you'd like to suggest, post it to *The Wired Word* forum at <http://thewiredword.squarespace.com/> (<http://thewiredword.squarespace.com/>).



EpiPen Producer Says High Price Is Necessary for Low-Cost Product Because System Is 'Broken'

The Wired Word for the Week of September 4, 2016

In the News

The EpiPen, which has been in the news this week because of its new high price, is an injector that delivers a lifesaving dose of epinephrine to reverse severe allergic reactions to insect stings, other drugs or certain foods such as peanuts or shellfish -- or at least slow the reactions enough for the stricken individual to get to an emergency room for further treatment. EpiPens are sold in two-packs and often a person who is in allergic distress needs both doses.

Persons with known life-threatening allergies often keep EpiPens on hand and readily available -- as do schools, emergency-response units and some other institutions because they can be administered on the spot by people with no medical training and sometimes even self-administered by the stricken person. Because the medicine in them becomes less effective over time, however, unused injectors need to be replaced every year.

An estimated 3.6 million Americans were prescribed EpiPens in 2015, but the device is also used on people for whom it has not been prescribed when they suddenly present with acute allergic symptoms.

EpiPens are produced by Mylan Pharmaceuticals and have no direct competitor. The EpiPen has been available for 25 years. The original patent issued in 1977 has expired, but EpiPen producers have secured patents for other aspects and variations of the design and small parts associated with the design, which help keep competitors at bay.

More to the point, the manufacturing process for these auto-injectors with the included drug is not simple. One hopeful competitor, Auvi-Q, recently recalled its product due to device malfunctions, and the product is currently off the market. Another company hoping to compete, TEVA, is awaiting government permission to sell its version, and is hoping for "speedy" approval sometime in 2017.

When Mylan acquired the EpiPen from Merck in 2007, the cost of a pair of injectors was about \$100. While it costs Mylan only a few dollars to make the injectors themselves today, the manufacturing process requires an extremely clean and precise environment, as well as great attention to quality control, which drives up the cost. When added to the high-risk nature of pharmaceuticals in today's legal environment, the overall cost of production is not as small as some suggest.

In addition, market forces that press toward a lower selling price are distorted within the government-regulated environment. (The need for a manufacturer to obtain government permission in order to provide epinephrine injectors has already been mentioned.) The demand for the product was greatly increased by the 2013 School Access to Emergency Epinephrine Act and follow-on state legislation. (Mylan was a top lobbyist for the act; Mylan's CEO, Heather Bresch, is the daughter of Sen. Joe Manchin [D-WV].)

Mylan has also been effective at publicizing its product, to the extent that "EpiPen" -- a registered trademark brand name -- has become as generic in usage as "Xerox" and "Kleenex". This leads doctors and patients to ask for "EpiPen" by name, instead of for a generic -- although in the current situation, there is yet no generic available within the U.S.

Some of these factors may have contributed to Mylan's decision to steadily increased the price of the EpiPen, so that this year, a two-pack is \$608, which is what brought the EpiPen into the news.

In July, Mellini Kantayya, an actress living in Brooklyn who has friends with children who need to have the EpiPen quickly available, learned from them about the new high price. She had also read an article stating that some ambulance crews can no longer afford the cost of carrying the injectors.

In response, Kantayya created an online petition titled "Stop the EpiPen Price Gouging" on July 11. In 45 days, it had 80,000 signature and signers had sent 121,000 letters to Congress. Some in Congress began to demand a price reduction, and Mylan's stock price temporarily dropped.

As the response became news, it was reported that Mylan's CEO Heather Bresch had received a salary increase of 671 percent over the same period that the EpiPen price rose from \$100 to \$600 -- from about \$2.5 million in 2007 to almost \$19 million in 2015. Linking Bresch's rapid pay rise with the amped-up price of the company's EpiPen, the story was quickly characterized as one of greed and price gouging.

Despite that description, most individuals purchasing EpiPens do not pay \$600, since most health insurance plans pick up some of the cost. However, persons without health insurance and those having to meet large deductibles, an estimated 4 percent of EpiPen patients, sometimes have to pay the full retail price.

For its part, Mylan responded by making more coupons available to help with out-of-pocket costs for the product and announced that it was bringing out a \$300 generic version of the EpiPen. CEO Bresch also pointed out that the company gives the injectors to schools at no costs and has lobbied to remove restrictions that prevent persons who have not had an EpiPen prescribed from receiving an injection in the event of an allergic crisis.

Mylan has steadfastly avoided directly lowering the price, however, saying that the way drug costs are handled in the United States is "broken," and that the retail cost needs to remain at its current level because of the number of middlemen the device passes through before it reaches the user. Mylan said that out of the \$608 list price for EpiPen, it gets only \$274. The rest goes to pharmacy benefit managers, insurers, wholesalers and retail pharmacies.

At the same time, the company did not promise to refrain from further price increases.

Critics point out that while the measures Mylan has extended toward EpiPen patients are of some help, they represent little sacrifice on the part of the company in the long run. (For a fuller explanation, see the *Fortune* article in the links list below.) Critics also note that even with rebates and coupons, insurance companies, employers and government health programs are still paying as much on EpiPen claims as before, and those costs are likely to be passed on to consumers and taxpayers through higher premiums.

More on this story can be found at these links:

How Parents Harnessed the Power of Social Media to Challenge EpiPen Prices. *New York Times*
(<http://well.blogs.nytimes.com/2016/08/25/how-parents-harnessed-the-power-of-social-media-to-challenge-epipen-prices/>) Mylan Tries Again to Quell Price Outrage by Offering Generic EpiPen. *New York Times*
(http://www.nytimes.com/2016/08/30/business/mylan-generic-epipen.html?_r=0) Mylan CEO Says EpiPen Price Increase Was Necessary as the Company Introduces a \$300 Generic Option. *People*
(<http://www.people.com/article/epipen-price-hike-necessary-300-generic>)
What Mylan's EpiPen Cost Scandal Says About the Drug Price Problem. *Fortune*
(<http://fortune.com/2016/08/25/epipen-mylan-cost-coupon/>)

The Big Questions

Here are some of the questions we will discuss in class:

1. Bearing in mind that Mylan is a for-profit business, what moral obligation, if any, does it have when it comes to pricing medicines that people need but for which there is no direct competitor? Why?
2. What part of your answer to question 1, if any, might you apply to resources you have, including material goods and cash that could benefit others? Why?
3. Although Mylan has made several responses to the uproar about the cost of EpiPens, some of which may benefit consumers, it has not done the obvious thing that many people would view as the right response: lower the price of the product. Do you agree with the company's decision? Why or why not? What do *you* think the price should be? If significantly different from Mylan's price for the EpiPen, explain why you selected the price you did.
4. When have you been faced with an obvious way to fix one of your own missteps or bad decisions, but instead offered a half-measure to avoid taking full blame? Was this satisfying? Why or why not?
5. For many people in allergic crises, an EpiPen is not a cure, but a critical time buyer -- keeping their airways open long enough to get to an ER for more extended treatment. What events in your life have "bought time" for you? In what ways, if any, did you use bought time in new ways?

Confronting the News With Scripture and Hope

We will look at selected verses from these Scripture texts. You may wish to read these in advance for background:

John 2:13-22 (<https://www.biblegateway.com/passage/?search=John+2%3A13-22&version=NRSV>)
Luke 18:9-14 (<https://www.biblegateway.com/passage/?search=Luke+18%3A9-14&version=NRSV>)
Luke 12:13-21 (<https://www.biblegateway.com/passage/?search=Luke+12%3A13-21&version=NRSV>)
Leviticus 12:1-8 (<https://www.biblegateway.com/passage/?search=Leviticus+12%3A1-8&version=NRSV>)
Luke 2:22-24 (<https://www.biblegateway.com/passage/?search=Luke+2%3A22-24&version=NRSV>)
Mark 5:21-43 (<https://www.biblegateway.com/passage/?search=Mark+5%3A21-43&version=NRSV>)
1 Timothy 5:17-18 (<https://www.biblegateway.com/passage/?search=1+Timothy+5%3A17-18&version=NRSV>)

In class, we will talk about these passages and look for some insight into the big questions, as well as talk about other questions you may have about this topic. Please join us.

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