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**For Immediate Release**

**DRUGS, MONEY, AND SECRET HANDSHAKES**

By Robin Feldman

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“This is the book the pharmaceutical industry does not want you to read. Feldman is like a detective, teasing out drug-industry secrets and helping the reader navigate the Alice-in-Wonderland world of drug prices.” –David Kessler, Former Commissioner, United States Food and Drug Administration

**In DRUGS, MONEY, AND SECRET HANDSHAKES,  
Robin Feldman Examines The Unstoppable Growth of  
Prescription Drug Prices And Provides Viable Solutions**

“Everyone has a limit. Every budget has an end point. Although sellers would love to raise prices continually, it doesn’t take fancy economics to know that, at some point, the money runs out. Why isn’t that basic principle working as expected in the pharmaceutical industry?” asks expert Robin Feldman in her new book **DRUGS, MONEY, AND SECRET HANDSHAKES: The Unstoppable Growth Of Prescription Drug Prices** (Cambridge University Press, March 31, 2019). Feldman, a law professor and Director of the Center for Innovation at University of California Hastings Law, delves deeply into this problem exposing the secret deals and byzantine methods that support high drug prices.

Like a detective, Feldman pieced together material from a variety of original sources – case documents, government and shareholder’s reports, state Medicaid actions, and industry insider reports, and FDA data – analyzing more than 160,000 separate cells of information. “For the first time in the literature,” she writes, “this study definitely shows that stifling competition is not limited to a few pharma bad apples; rather, it is a common and pervasive problem endemic to the pharmaceutical industry.” And it is a problem

More

that is growing across time. “No wonder drug prices are skyrocketing,” she concludes.

In her book, Feldman points first to the role that pharmacy benefits managers (PBMs) play. These organizations are the middlemen that negotiate between pharmaceutical companies and those who pay for the drugs – hospitals, pharmacies, insurance companies, and government agencies. PBMs also establish the formularies – the schedules that set the terms on which patients can access particular drugs and the reimbursement rates they will get.

In a perfect world, PBMs would be negotiating to obtain the best prices possible for patients and health insurers. Instead, because of the perverse way the system is structured, PBMs help keep the prices high. How does this happen? It’s simple. Drug companies pay PBMs (as well as hospitals and some doctors) to make sure cheaper drugs are left out. In other words, drug companies pay everyone along the way, so that lower-priced drugs lose and patients are channeled into more expensive medicines.

Another piece of the increasing-cost-of-drugs puzzle involves the way that pharmaceutical companies are able to “game” the U.S. patent system. Bringing a drug to market can cost hundreds of millions of dollars. In return for this investment, companies are rewarded with patents or with non-patent exclusivities which allow them to charge monopoly prices for a defined time period. When the patent ends, lower-priced competitors should be able to jump in and drive down the price. But that is not happening. Instead, drug companies are able to build massive patent walls, extending protection for their products over and over again.

To do this, they often make minor tweaks such as adjustments to dosage or delivery systems — a once-a-day pill instead of a twice-a-day one; a capsule rather than a tablet. As part of her research, Feldman looked at every regular drug on the market for ten years. She found that three-quarters of drugs with new patents were not new to the market, but old drugs. “There is some innovation in there, but it’s mostly churn,”

she explains. Not only does the system thwart innovation, but it supports escalating drug prices.

This is just the tip of the iceberg. It seems that the entire system is built in such a way as to impede competition. Take pay-for-delay, for example. This occurs when a patent is expiring for a brand-name drug. In that instance, the brand-name drug company settles with a generic drug company, paying them to not enter the market for a certain length of time.

In **DRUGS, MONEY, AND SECRET HANDSHAKES**, Feldman takes a complex topic and makes it understandable. She not only unravels the myriad threads that make up America's drug-pricing system, but she also suggests ways to help control the problem. "To begin restoring sanity to the pharmaceutical markets, information must flow . . . The best opportunities for shining light into the deep, dark crevices of pharmaceutical pricing lie at federal legislative and regulatory levels," she writes. Both the federal government and state legislatures must join the fight to mandate transparency.

In addition, Feldman recommends a "one-and-done" system in which a drug would receive one period of exclusivity and only one. This would be achieved through legislative change to the FDA drug approval system. All in all, **DRUGS, MONEY, AND SECRET HANDSHAKES** presents a lucid look at the escalating cost of prescription drugs, along with solid solutions for controlling an out-of-control pricing structure. This book should be required reading for anyone interested in making a real impact, not only the people who participate in the manufacture, distribution, and pricing of prescription drugs, but our country's lawmakers and consumers as well.

#### **About The Author**

Robin Feldman, author of **DRUGS, MONEY, AND SECRET HANDSHAKES: The Unstoppable Growth Of Prescription Drug Prices**, is Arthur J. Goldberg Distinguished Professor of Law and Director of the Center for Innovation at University of California Hastings Law in San Francisco. She is an award-winning scholar whose work has been called "absolutely remarkable" and a "must read." Feldman has published four books and more than 50 articles, and she has been cited by the White House and members of Congress. In 2017, she participated in the GAO's report to Congress on Artificial Intelligence and in an Army Cyber Institute threat-casting exercise on weaponization of data.