

“Prices Rise as Morality Falls” – A Story of Turing Pharmaceuticals

Prashant Singh^{1*} and Pushpa Kataria²

¹Assistant Professor, Doon Business School, Mi-122, Behind Pharma City, Selaqui - 248011, Dehradun, India; prashant.singhuq@gmail.com

²Associate Professor, Doon Business School, Mi-122, Behind Pharma City, Selaqui - 248011, Dehradun, India; pushpakataria@doonbusinessschool.com

Abstract

Turing Pharmaceuticals, guided through CEO Martin Shkreli, a start-up increased the price of Daraprim - the standard treatment for toxoplasmosis – by 5433% from \$13.50 per pill to \$750.00 per tablet. Such incident again brings the attention towards the unregulated drug price in the US, which diverges from other developed nations. Moreover, such cases raise eyebrows among the society and force people to understand the intersection of healthcare, business practices and justice. Price raised by Turing Pharmaceuticals has a devastating force on the low-income people of US. It delivers a devastating consequence on the patients, and in the difficult economic situation, 5000% hike in costs is unreasonable. Many stakeholders are affected by the steep cost of the drug. Hence, drug price becomes one of the political agenda for the political leaders. Thus, the price rise caused by a Turing Pharmaceutical company triggered the burning issue of Biopharma companies to put profit before patient's health.

Keywords: Developed Nations, Drug Price, Economic Situations, Health, Healthcare, Profit, Turing Pharmaceuticals

1. Introduction

1.1 Ethical Business Issue

Turing Pharmaceuticals, guided through CEO Martin Shkreli, a start-up increased the price of Daraprim - the standard treatment for toxoplasmosis – by 5433% from \$13.50 per pill to \$750.00 per tablet (Ward, 2015). Toxoplasmosis, patients who have HIV/AIDS have a weak immune system. Daraprim pill also helps in few cancer treatments as well, hence raising the price to indicate the monopoly of the drug (Walters, 2015). Thus, by enhancing the drug price, the company could get substantial profits and ignore the moral ethics. Such incident again brings the attention towards the unregulated drug price in the US, which diverges from other developed nations. Moreover, such cases raise eyebrows among the society and force

people to understand the intersection of healthcare, business practices and justice (Mclaughlin, 2015).

According to Wall Street Journal, since 2008 many regular drug prices have increased 234 percent. Pharmaceutical companies often generate profit easily through enhancing the drug prices, and in such economic crisis, people without medical insurance have to suffer a lot (Lorenzetti, 2015). Drug companies emphasise on profit before peoples' health and in the name of research and development many biotechnological and pharmaceutical companies plays in the lifespan of patients (Pollack, 2015). Therefore, this report highlights the aftermath caused by Turing Pharmaceuticals and stress on socially responsible capitalism and underline to establish moral concern for the welfare of stakeholders including healthcare consumer.

*Author for correspondence

1.2 Theoretical Framework

1.2.1 Relevance of The Issue to The Study of Ethical Issues on Business

Price raised by Turing Pharmaceuticals has a devastating force on the low-income people of US. It delivers a devastating consequence on the patients, and in the difficult economic situation, 5000% hike in costs is unreasonable (McCarthy, 2015b) (Houlton, 2015). Such action signifies selfishness and greed as it directly impacts the serene life or death.

Individualism is one of the ethical theory which relates to the issue. Granting to the theory, it emphasises on Individual's desire before anyone else (Fuller & Goldfield, 2016). So, if the issue would look through Individualism glasses, the company take care of their shareholders and maximise the profit within the law constraints as there is no law against the drug regulation in the United States (Chawan, Badwane, Gawand, & Chhaya, 2017). Moreover, profits produced at the expense of people's welfare.

Furthermore, Kantianism is another ethical theory which promotes to act rationally, respect the great unwashed, and moved for the good will of people (Hurst, 2017). However, Turing Pharmaceuticals act opposite to Kantianism theory and act irrationally without emphasising on Humanity. Moreover, the company after the expiration of the Daraprim patent increased the price for excessive profits and exploited the monopoly of the drug in the market (Marshall, Wood, & Stevens, 2016). Hence, the decision was motivated by egoism.

In another ethical theory, Utilitarianism based their determinations regarding happiness. It emphasises on the business to enhance happiness in the long run and understand the consequence of the business action (Izhar Baranes, 2017). An action which provides maximum adverse effect would be considered unethical. In the Turing Pharmaceuticals scenario, some shareholders, CEO, and the company was glad by the drug price hike. On the contrary, health care consumers, biotech industry, few employees, the reputation of Martin Shkreli's previous company was at stake (McRae *et al.*, 2016). Furthermore, outrage in social media, visual media, and newspapers indicates that the major proportion was dissatisfied and made the Turing's action unethical.

Additionally, Virtue theory has also become the part of Turing's action. By the theory, Virtue theory based on Aristotle's ethics and consist of varied virtues such

as courage, honesty, fairness, temperance, friendliness, and moral leadership. However, Turing Pharmaceuticals exorbitantly drug prices, pushing the life of millions of patients at risk, and exploiting the monopoly of the drug indicate the motive was greedy and selfish. Moreover, moral leadership was not into consideration by Martin Shkreli (Osakwe, 2016). He claims that the price hike will provide more funds for research and development which was afterwards found to be false. If the prices raised reasonably than the public can accept the claim, but it was not in good intention. Hence, with the bearing of the vices and absence of virtues, one could reason that the Turing Pharmaceuticals actions were unethical and motivated by profits without realising the aftermath of decisions.

1.2.2 How Turing Issue Impacts Key Stakeholders

Many stakeholders are affected by the steep cost of the drug. Firstly, the healthcare consumers especially patients who are immediately involved. The presence of uncertainty in the economy has a greater impact on the cost of living and in such situation price hike leads to the death of many patients across the states due to unaffordability (Prasad, Wang, Afifi, & Mailankody, 2017). Secondly, the society itself, the reputation of Turing Pharmaceuticals jeopardises since they have received tremendous feedback from the community, address the media to correct the outrage from the healthcare consumers. The profits acquired by the company were present only for the shorter duration of time while in the long run there occurs a sharp decline in the shares.

Thirdly, the US government was also criticised by the people for not controlling the pharmaceutical companies against the selfish motive of the price hike (McCarthy, 2015a). Moreover, the government was supposed to restrict the companies by imposing regulations on deciding the drug price and prevent such kind of incident in the future.

Additionally, patent holders, other pharmaceutical industries and Martin Shkreli co – launched the company – Retrophin were into consideration due to monolithic media attention (McCormick, 2016). Lastly, the entire biotech industry was under massive scrutinization because of a Martin statement in the media where he emphasises that the profit utilised in the research and development of drugs for the fuller treatment for toxoplasmosis. Furthermore, the NASDAQ biotech index

had dropped significantly (Mintz, 2016). In accession to such situation, the employees working in the biotech companies were also monitored. High prices occurred due to the anticompetitive conduct, and the main reason for consumers to pay high prices is to harm the competitors (Carrier, 2019)

Medical professionals and patient-protection parties received an acute pressure. Since the cost of treatment gone high, many patients would prefer the alternative treatment which may create immense pressure on patients as the treatment may not have same efficacy. Many organisations and shareholders were worried and demanded to revoke the increase in drug price due to the fear of tightening of drug regulation and interference of government (VonFischer, 2016). Thus, diverse stakeholders are involved and have an enormous impact.

2. Discussion and Conclusion

2.1 Critique the Media's Presentation of Turing Issue

When Turing Pharmaceuticals raised the price in August 2015, at that time US presidential elections have to take place (Wells, 2016). In such a scenario, most of the media criticising the excessive price increase and making the plot for the future presidential elections. Moreover, drug price regulations were entirely over the mainstream media (Bomey, 2016). Hence, drug price becomes one of the political agenda for the political leaders. Nevertheless, the media do not focus much on the solution side or providing an alternative to the settlement. Everyone was mostly concentrated on the aftermath of the Turing's decision and criticising the CEO. Such cases were hardly unique as in the past many such cases came into the spotlight like Valeant Pharmaceuticals, which raised the price of their drug – Isuprel – from \$215 per vial to \$1346 per vial (Baldelomar, 2016). Hence, the media were not inclined in providing the alternative and explain the difficulties faced by the patients who are medically vulnerable.

Few media highlight the tactic used by Biopharma companies where they buy rival drugs and jack up the prices. However, failed to mention that pharma companies have leveraged the FDA's suboptimal regulatory strategy and produce an artificial, unjustifiable, and inappropriate monopolies (Chen, 2016). Furthermore, industry defends

the price hiking by quoting that the profits would be utilised in the development of new refined drugs and may help many stakeholders including patients. Insurance companies have increased their premium which was not covered by most of the media (DeAngelis, 2016). Such situation makes the medication cost both an emotional and financial issue. Additionally, Shkreli resigned from his CEO post and later got arrested, but all incidents happen because of his past actions (Ferris, 2016). Media has created an excellent platform to push the Congress leaders, patent owners, and health regulators think about the frequency of price hike (Houlton, 2015).

Companies could also be branded in a tactful manner, which will enhance the chance of positioning their drug in a Market Place. Social Responsibility as brand image should be developed and Drug companies should receive benefits by positioning themselves as a Social Responsible pharma company (Rocha, de Andrade, Alves, Cândido, & Borio, 2020)

Lastly, the media shows less interest in exposing the complex US health system. Unlike Europe and Canada, in US healthcare is more like a transitional product rather than a universal right. As a consequence, drug makers and their lobbying group are more concentrated on reporting stories about the atrocities faced by their people and patients rather than directing the answer on an unreasonable drug price hike. Therefore, health care consumers have to be informed about which insurance plan they should choose according to their health demands, which includes their prescription drug regimen. Blue Cross and Blue Shield of Minnesota filed a case against the company and filed a lawsuit. The CEO sent to prison for three years and the case is pending for further investigation (Minemyer, 2021).

2.2 Future Implications

The price rise caused by a Turing Pharmaceutical company triggered the burning issue of Biopharma companies to put profit before patient's health. The story of Turing Pharmaceutical resembles with the current Vaccine distribution into low technologically advanced countries. The prices charged by the private players and the taxes imposed by Government triggers the problem. Even in the dire situation, the private health sector leaves no stone unturned to get money from the consumers. Hence, there is a massive rise in the awareness of varied

Health Insurance in countries where Health System is fragile. There is also the rise of generic drugs which is pocket friendly to many of the consumers. Such action will yield more alternatives to consumers and also spread the channels for various generic drug companies.

It will cause a great impression on the global healthcare industry around the globe from Britain to China as many societies have an ageing population and growing middle class, which produces an immense pressure on the health care industry. It might bring down the monopoly of many drugs and create a way of life for many affordable medicines. The regime would be bound to forbid companies from using patients as a means to profit without knowing that their survival depends on their ability to purchase a drug. There's likewise a possibility that such cases may enable generic regulatory reform and streamline the generic drug application process. Thus, Policymakers will find a way to protect people's ability to buy medications while promoting innovation.

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