

Pharmacology and price ceiling



**ASSIGN
BUSTER**

Discussion 4 Critically analyze the pros and cons of putting a price ceiling on prescription medicine. Make sure to use concepts from both chapters seen this unit such as government intervention, inefficiencies, price elasticity, etc. in your answer. I feel that they are pros and cons to every situation. On this subject some of the pros that would come out of the government setting a price ceiling would be the price of the prescriptions would go down and individual's would be able purchased the medicine at a great deal.

However the con of this would be that the demand would be high because of the low price but the distributors would not produce enough to meet the demand resulting in a shortage when this occurs some individuals will not be able to get their medicine regardless if they have the funds to pay for it because there will be no more product to buy. The reason the suppliers would not produce more is because they are losing funds and revenue. In the end if it is not profitable why produce more products.

In the video “ Welch introduces prescription drug negotiation bill”, they talked about how they illuminated the Anti Trust Exemption Bill which saved consumers money from the outrageous prices the insurance companies were charging for the drugs. Now this group is out to get a bill passed that says if we the people purchase in bulk then we receive a break on the prices resulting in a substantial amount of savings in ten years. If this bill was passed it would save the taxpayers and consumers over 156 billion dollars in ten years according to the Welch Video mentioned above.

Furthermore the Veterans Affairs is already purchasing their medicines in this way to save the veterans and taxpayers money. When we talk about

elasticity then medicine does have that effect because people must have it regardless of the price well most medicine that is used prolong life or treat a lifetime illness. Again if the government enforces the price ceiling then this puts these individuals at risk of become ill or dying because the meds are not available.

This could also lead to black marketing and the illegal sell of these drugs because of the shortage. References Price floor and price ceiling episode15 http://www.youtube.com/watch?v=4MMIkkG8pAQ&feature=player_embedded Elasticity of demand episode 16 http://www.youtube.com/watch?v=4oj_Inj6pXA&feature=player_embedded Price ceiling part 1 http://www.youtube.com/watch?v=L9P-_OdT1vg&feature=player_embedded Welch introduces prescription drug negotiation bill http://www.youtube.com/watch?v=xY59BG4h2pw&feature=player_embedded