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A Superstar Team of Hospitals Is Sick of High Drug Prices—And Launching a Nonprofit Drug Company to Fight Them

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Back in January, a number of leading U.S. health systems announced an ambitious project: They would be banding together [to create a non-profit generic drug company](#) in the hopes of combating sky high drug prices and shortages regularly faced by American patients.

On Thursday, that initiative got an official name—[Civica Rx](#)—in addition to \$30 million in [funding from a slew of major investors](#) including the Laura and John Arnold Foundation.

Civica Rx is a joint effort by big names like Catholic Health Initiatives, HCA Healthcare, Intermountain Healthcare, Providence St. Joseph Health, the Mayo Clinic, SSM Health, and Trinity Health. Those seven massive systems encompass about 500 American hospitals and will comprise the initial governing board of the group, which says it has attracted the interest of “more than 120 health organizations representing about a third of the nation’s hospitals.”

Furthermore, the organization has enlisted a pharmaceutical industry vet to serve as chief executive. Martin VanTrieste, the former chief quality officer at biotech

giant [Amgen](#), will be Civica's CEO—and he'll be doing the job for free. “We are creating a public asset with a mission to ensure that essential generic medications are accessible and affordable,” said VanTrieste in a statement. “The fact that a third of the country's hospitals have either expressed interest or committed to participate with Civica Rx shows a great need for this initiative. This will improve the situation for patients by bringing much needed competition to the generic drug market.”

Civica's mission is no mean feat. The firm announced that, to begin with, it will target 14 specific generic drugs administered in hospitals. The thinking goes that as a non-profit, there will be no incentive to artificially inflate or arbitrarily hike prices; the only stakeholder who matters is the patient. (It's unclear exactly which drugs Civica will home in on, although they reportedly will include generic medicines that have seen exorbitant price increases or experienced national shortages.)

What's particularly ambitious about the project is its goal of having a generic drug [available on the market by as early as next year](#). While the Food and Drug Administration (FDA) under Commissioner Scott Gottlieb has made expediting the drug approval process a key mission, such a quick turnaround could still prove tricky.

And then there's the question of how traditional generic drug makers might react to Civica, including the possibility that they may (at least temporarily) slash their own list prices to keep their current customers in line.