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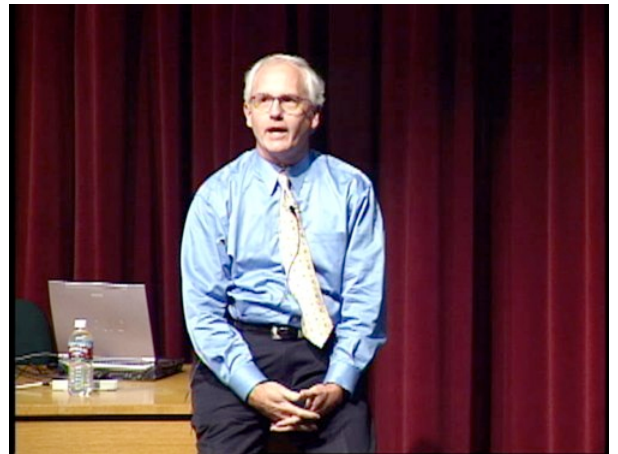
Cost vs. Price for Medical Stents?

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Video URL: <http://ecorner.stanford.edu/videos/461/Cost-vs-Price-for-Medical-Stents>

Yock talks about the costs versus the charges of medical stents. A cynical approach is that the actual metal stents themselves cost 80-90 cents to make and their charge is about \$1200. However, there is an enormous amount of R&Deffort to get it approved, he says. For example, a clinical trial can cost as much as 10 million dollars.



Transcript

So that's a really good question. The question is what are the costs versus the prices or the charges? A cynical way to answer your question is that the actual metal stents themselves in a fully ramped up manufacturing process cost somewhere between 80 to 90 cents to make and the charge for a stent delivery system is about \$1200. So if you look at just that you'd say, "My God this is usury." You know, there are really... but of course they had discounts. The enormous amount of R&Deffort that has to go in to getting these things approved and a clinical trial to get through the FDA with a device clinical trial can cost anywhere from best case \$10 million to \$150 million, an enormous amount of R&Deffort. And a lot of technologies fail of course. So, it's a delicate balance. It's interesting in the plain stent market now the coming of the drug-coated stents is putting down all the pressure on the price of the plain stents. Right now Johnson&Johnsonis leading the market for the drug-coated stents. They will have a period of at least key quarters where they are the only act in town.

And they're going to make an enormous amount of money, just an enormous amount of money.