



PhRMA-Funded Myths About Drug Prices

LEARN THE FACTS: PHARMACEUTICAL MANUFACTURERS POINT FINGERS TO DISTRACT FROM THEIR HIGH PRICES AND ANTICOMPETITIVE GAMESMANSHIP

PhRMA-FUNDED MYTH	FACT
<p>PBMs are to blame for rising drug prices.</p>	<p>Drug companies alone set and raise the list price for drugs. Prices for 22 of the 25 drugs with the highest spending in Medicare Part D in 2019 increased faster than inflation between 2018 and 2019. For these 22 drugs, price increases ranged from 3.0% to 19.7%, while the rate of inflation was only 1.8%.¹</p>
<p>Drug companies' list prices don't matter.</p>	<p>Rising list prices have real effects on patients. A recent JAMA Network study shows rising list prices – which are set by drug companies alone – have led to higher out-of-pocket costs, particularly for patients paying deductibles or coinsurance.²</p>
<p>Rebates force drug companies to raise their prices.</p>	<p>Studies have shown that rebates PBMs negotiate from drug companies are not responsible for rising drug prices. For example, a 2021 House Committee on Oversight and Reform report found that AbbVie's list price increases for Humira were not justified by rebates, as the list price increases far outpaced rebates and discounts offered to PBMs.³ A 2019 GAO study also found that PBMs pass through 99.6% of the rebates they negotiate to plan sponsors.⁴</p>
<p>Drug companies wouldn't be able to invest as much in R&D if they lowered their prices.</p>	<p>Profits – not R&D costs – drive Big Pharma's high prices. In fact, R&D costs only make up a fraction of Big Pharma's revenue spending. A 2018 analysis showed that Big Pharma spent just 22% of its revenue on R&D costs, investing more than twice as much in advertising, profits and corporate overhead than in R&D.⁵ A 2021 report also showed that AbbVie specifically dedicated a significant portion of its research budget to suppressing biosimilar and generic competition.⁶</p>
<p>Drug companies seek extended patent protections to cover the costs of R&D.</p>	<p>Drug companies use patent thickets to maintain their monopoly power and thwart competition. For example, AbbVie has filed over 250 patent applications for Humira, which has delayed competition for 39 years and is likely to cost American payers and taxpayers \$14.4 billion.⁷</p>
<p>PBMs increase costs to seniors and low-income patients.</p>	<p>PBMs saved Medicare Part D \$29 billion in 2016.⁸ Over the next decade, PBMs are projected to save Medicare Part D nearly \$445 billion, and managed Medicaid plans, more than \$46 billion.⁹ The GAO also reported that PBM rebates directly contribute to lower premiums for beneficiaries in Part D, noting savings from rebates are “one reason that premiums remained relatively unchanged between 2010 and 2015.” Part D premiums have fallen 12% on average since 2017.¹⁰</p>
<p>PBMs increase out-of-pocket costs.</p>	<p>Without PBM savings, total costs to the patient and system would be nearly \$2,300 per person per year. On average, the health system currently pays approximately \$1,315 per person per year for prescriptions, delivering a savings of \$962 per person per year. And of that \$1,315, consumers pay an average of \$180 – less than 14% of the total cost – because of PBMs.¹¹</p>
<p>PBMs are just middlemen trying to “line their pockets”.</p>	<p>PBMs played a critical role in preserving access to prescription medications during the COVID-19 pandemic. In support of patients – particularly those with chronic conditions – PBMs have provided uninterrupted access to home delivery of prescription drugs using PBMs' mail-service pharmacies to help avoid potential exposure to COVID-19.¹² PBMs also conducted targeted education and outreach on COVID-19 vaccine information to help Americans understand their eligibility and address vaccine hesitancy.¹³</p> <p>Over the next 10 years, PBMs will help prevent 1 billion medication errors (approximately 100 million per year).¹⁴ PBMs also provide medication adherence tools – coordinated, patient-focused programs that increase prescription drug adherence. Patients with low or intermediate medication adherence are twice as likely to be readmitted to the hospital within 30 days as those patients with high medication adherence.</p>

CITATIONS

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- ³ **AbbVie—Humira and Imbruvica**, "Drug Pricing Investigation" <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/Committee%20on%20Oversight%20and%20Reform%20-%20AbbVie%20Staff%20Report.pdf>
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- ⁷ **Humira**, Overpatented, Overpriced Special Edition, <https://www.i-mak.org/humira/>
- ⁸ **United States Government Accountability Office**, "Use of Pharmacy Benefit Managers and Efforts to Manage Drug Expenditures and Utilization", <https://www.gao.gov/assets/gao-19-498.pdf>
- ⁹ **PCMA**, "NEW STUDY: PHARMACY BENEFIT MANAGERS (PBMS): GENERATING SAVINGS FOR PLAN SPONSORS AND CONSUMERS" <https://www.pcmanet.org/new-study-pharmacy-benefit-managers-pbms-generating-savings-for-plan-sponsors-and-consumers/>
- ¹⁰ **Fierce Healthcare**, "Part D premiums likely to increase slightly in 2021: CMS", <https://www.fiercehealthcare.com/payer/part-d-premiums-likely-to-increase-slightly-2021-cms>
- ¹¹ **Visante**, "The Return on Investment (ROI) on PBM Services", https://www.pcmanet.org/wp-content/uploads/2020/02/ROI-on-PBM-Services-FINAL_.pdf
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- ¹³ **JC Scott**, "12 Ways Pharmacy Benefit Managers Are Helping Patients Access COVID-19 Vaccines", <https://jc-scott.medium.com/12-ways-pharmacy-benefit-managers-are-helping-patients-access-covid-19-vaccines-4444e069150d>
- ¹⁴ **PCMA**, "NEW STUDY: PHARMACY BENEFIT MANAGERS (PBMS): THE RETURN ON INVESTMENT (ROI) ON PBM SERVICES", <https://www.pcmanet.org/new-study-pharmacy-benefit-managers-pbms-the-return-on-investment-roi-on-pbm-services/>