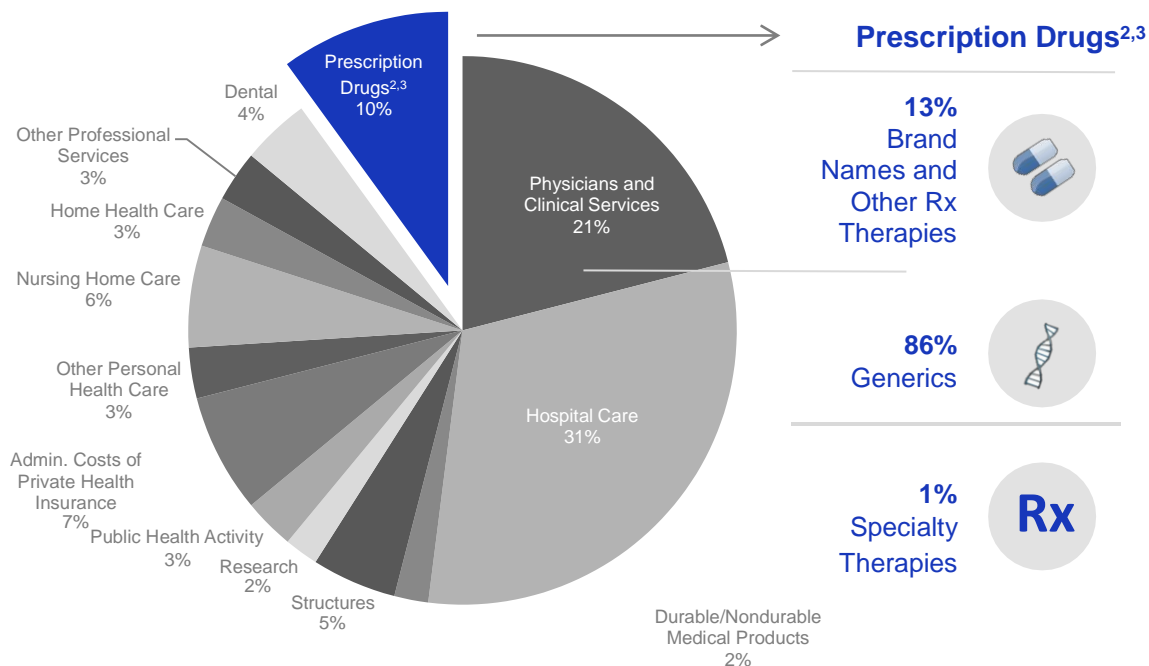


Breakthrough Medications Save Money and Lives

PERCENTAGE OF HEALTHCARE SPEND

According to a 2014 federal report by the Centers for Medicare and Medicaid Services (CMS), **retail prescription medicines will continue to account for less than 10 percent of total health care spending through 2023** – the same percentage as it was in 1960.¹



GENERIC MEDICINES = 86% TOTAL

The argument that specialty therapies are the main healthcare cost driver is misleading when the fact is **86 percent of the spending is used for lower cost generic medications.**²

<5% USE SPECIALTY THERAPIES

Less than five percent of U.S. patients, typically those with severe or rare health conditions, use higher-price “specialty medications” – **meaning the vast majority of patients use lower cost, more affordable prescriptions.**³

HOSPITAL CARE 3X MORE

The U.S. will spend **three times more on hospital care** over the next decade than the total spending on prescription medicines.¹

INSURANCE PREMIUMS HIGHER

From 1998 to 2003, **insurance companies increase premiums** by an average of \$104.62 per person. During that same period, drug costs only rose by \$22.48 per person.⁴

Sources

¹ Health Expenditures, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/proj2008.pdf>. Accessed November, 2015.

² Medicine use and shifting costs of healthcare: A review of the use of medicines in the United States in 2013. IMS Institute for Healthcare Informatics. April 2014.

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⁴ Specialty Drugs: Cost, Impact, And Value. Health Affairs Blog. October 6, 2014. <http://healthaffairs.org/blog/2014/10/06/health-affairs-October-issue-specialty-drugs-cost-impact-and-value/>. Accessed November, 2015.

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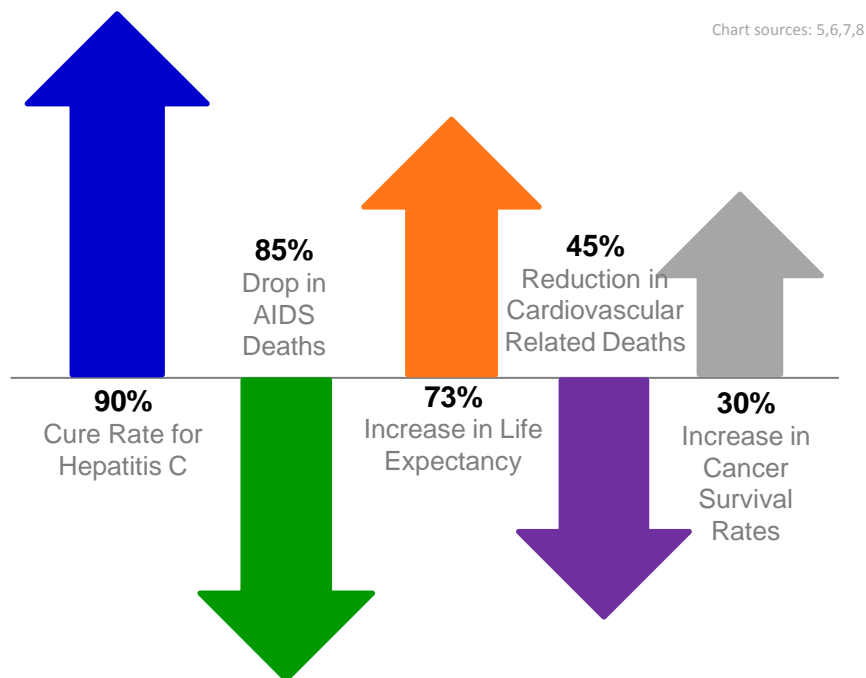
⁶ Understanding Specialty Drug Forecasts. Milliman. February, 2015. <http://www.phrma.org/sites/default/files/pdf/milliman-specialty-drug-forecasts.pdf>. Accessed November, 2015.

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Patients who have access and adhere to their medication regimens enjoy greatly improved health outcomes and make less use of more costly health services such as emergency room and doctor visits, hospitalizations and long-term care.^{1,2,3,4}

*“Virtually every study of medical innovation suggests that changes in the nature of medical care over time are **clearly worth the cost.**”⁹*

David Cutler
Harvard University Health Care Economist & Health Care Advisor to President Obama



“Over the last half century improvements in health have been as valuable as all other sources of economic growth and productivity combined.”

Kevin Murphy, PhD, and Robert Topel, PhD
University of Chicago Economists



Sources

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- ⁵ Biopharmaceutical Industry : The Value of Access to Innovative Medicines powerpoint presentation, slide 10. PhRMA. November 14, 2014. www.cabiotech.org
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- ⁷ Linchenberg, F.R. (2012). Pharmaceutical Innovation and Longevity Growth in 30 Developing and High Income Countries, 2000-2009. Working Paper 18235. National Bureau of Economic Research.
- ⁸ National Cancer Institute, Survival Epidemiology and End Results (SEER), posted to website 2013. Retrieved from <http://seer.cancer.gov/csr/1975-2005/accessible-contents.html>.
- ⁹ Peter Pitts. The Payers Pity Party. *Morning Consult.* March 9, 2015. <http://morningconsult.com/opinions/10883/>. Accessed November, 2015.