



## Quick Facts on the Value of Medical Innovation

The discovery and development of new therapies and cures allow Patients to live longer, healthier, more productive lives — benefiting the entire healthcare system, the economy and society as a whole. As a community and an industry, we need to be able to speak about the value of medical innovation. This primer is intended to support you in the discussion.

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### Economic impact through medical innovation is immense — in savings and productivity.

- When \$1 is spent on medicine, \$6.20 is saved on total healthcare spending.
- Drugs account for a relatively small (10-14%) percentage of healthcare expenditures.
- Nearly 90% of all prescriptions in the U.S. today are now for low-cost generic drugs — saving the healthcare system more than \$1.5 trillion over the past 10 years alone.
- The reduction in cancer death rates since 1991 has generated nearly \$2 trillion in societal benefits.
- Highly Active Antiretroviral Treatments in HIV/AIDS has resulted in avoiding over 862,000 premature deaths in the U.S. — gaining over 27 million life-years and \$615 billion in economic value over the cost of treatment.
- A new treatment that delays the onset of Alzheimer's could reduce Medicare/Medicaid spending by \$218 billion annually by 2050.
- The U.S. healthcare system could save \$213 billion annually if medications were used properly.

### Bringing a new drug to market is costly and risky.

- On average, it takes 10 years and \$2.6 billion to develop a new medicine.
- Only 12% of candidates that enter clinical testing are approved.
- Just 2 in 10 approved medicines recoup the money invested in R&D.

### Medical advancements through innovation are improving, extending and saving lives.

- Oncology — U.S. cancer survivors have more than doubled to 14.5 million since 1990.
  - Hepatitis C — A once incurable disease now has cure rates above 90%.
  - HIV/AIDS — Once a death sentence, it's now a chronic manageable condition.
  - Childhood Cancer — 83% of children with cancer now survive, compared to 58% in 1970.
  - The death rate from heart disease has declined by approx. 38% over the past decade alone.
  - More than 730,000 children's lives have been saved in the last 20 years in the U.S. because of advances in vaccines.
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**For more information, visit [www.BioNJ.org/vomi](http://www.BioNJ.org/vomi).**



## Understanding Drug Pricing

Discussions about the cost and affordability of medicines are important. In order to have productive conversations, we need to understand the true cost and value of innovative and life-saving medicines. **Recent data from government actuaries and pharmacy benefit managers has shown a dramatic slowdown in the growth of medicine spending.** Take a look at these facts...

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- Express Scripts' annual *Drug Trend Report* found spending on medicines increased by only **3.8 percent in 2016**, versus 5.2 percent in 2015.
- Express Scripts found prices for brand-name medicines **increased just 2.5 percent** after accounting for discounts and rebates negotiated.
- Prime Therapeutics' announced spending on medicines increased by just **2.5 percent in 2016**.
- CVS reported the annual increase in prescription spending dropped to **3.2 percent in 2016**.
- National Health Expenditure (NHE) projections by the Centers for Medicare & Medicaid Services found that **between 2015 and 2016, medicine spending had the largest decline** in spending growth of all health care categories.
- CMS reported medicine spending grew only **5 percent in 2016** compared to 9 percent in 2015. And medicine spending and total health care spending are projected to grow by approximately 6 percent annually over the next decade.
- *QuintilesIMS Medicines Use and Spending in the U.S. Report* stated that prices for brand-name medicines after accounting for negotiated discounts and rebates are projected to **grow between 2 percent and 5 percent through 2021**.
- The Biotechnology Innovation Organization reported nearly 90% of all prescriptions in the United States today are now for low-cost generic drugs, up from less than 20% in 1984 — **saving the healthcare system more than \$1.5 trillion over the past 10 years alone**.

BioNJ believes the focus should be on practical solutions that bring down health care costs and lower out-of-pocket costs for Patients. BioNJ is committed to working closely with our State and federal elected officials in support of access to medicines, **Because Patients Can't Wait®**.

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Visit [www.BioNJ.org/vomi](http://www.BioNJ.org/vomi) for more information on the value and importance of medical innovation.

Plus, look for BioNJ's new series "**Value of Medical Innovation: Conversations with New Jersey's Congressional Delegation.**"