

UNDERSTANDING THE VALUE OF MEDICAL INNOVATION AND DRUG PRICING



Medical innovation is responsible for preventing and curing disease, improving and maintaining health and allowing Patients to live longer, more productive lives. Access to the right medicines at the right time can reduce the need for institutional care, physician visits and invasive medical procedures – ultimately reducing overall health care costs. Discussions about the cost and affordability of medicines are important. Below are some useful facts...

- It takes more than 13 years and \$2.6 billion to research and develop a new medicine.
- 80% to 90% of drug candidates fail before they reach human clinical trials.
- Only 12% of drug candidates that enter clinical testing are approved for use by patients.
- Drugs account for only 12% of total health care expenditures.
- For every \$1.00 spent on health care in the U.S., just 14¢ is spent on prescription drugs.
- For every \$1.00 spent on medicine in the U.S., \$6.20 is saved on health care spending.
- Every additional \$1.00 spent on prescription drugs results in a \$42.06 reduction in Medicare spending.
- Every \$1.00 the U.S. spends on childhood vaccinations, \$10.20 is saved in disease treatment costs.
- The reduction in cancer death rates since 1991 has generated nearly \$2 trillion in societal benefits.
- List prices for brand-name drugs grew by only 5.7% in 2018 – while net pricing (after discounts and rebates) increasing by only 1.5%.
- 90% of all medicines dispensed in the U.S. are generic and biosimilar drugs – expected to reduce prescription drug spending by \$144 billion from 2017-2021.



THE IMPACT...

- Oncology – Death rates have declined 22% since peaking in 1991 = more than 2.6 million cancer deaths avoided between 1991 and 2016
- Childhood Cancer – 83% of children with cancer now survive, compared to 58% in 1970
- Hepatitis C – Once an incurable disease, now has cure rates above 90%
- HIV/AIDS – Once a death sentence, is now a chronic manageable condition
- The death rate from heart disease has declined by approximately 38% over the past decade.
- Vaccines prevent more than 2.5 million deaths each year.
- Cholesterol-lowering statins save 40,000 lives, prevent 60,000 heart attacks and avert 22,000 strokes in a single year in the U.S.



THE POSSIBILITIES...

- There are more than 500 different medicines now in development for rare diseases. With 7,000 different rare diseases today affecting 350 million people globally, only 5% currently have a treatment.
- There are more than 700 targeted cancer treatments in development, each of them with the potential to impact cancer the way HIV therapies impacted AIDS.
- There are more than 160 new treatments for diabetes in development, including some that would offer an oral medicine option for Type 1 diabetes Patients who currently administer insulin daily.
- A new treatment that delays the onset of Alzheimer's disease by just 5 years would save the United States \$367 billion in health services by 2050.
- More than 70% of medicines in the pipeline are potentially first-in-class therapies.

Innovative medicines help people lead longer, healthier lives and positively impact society – providing economic value far beyond their costs. 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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