Since 2000, biopharmaceutical companies have brought MORE THAN 500 NEW TREATMENTS AND CURES to U.S. patients.

In the last 100 years, medicines have helped raise average U.S. life expectancy from 47 years to 78 years*

5 year cancer survival rates are up 39 percent across all cancers**

Death rates for HIV/AIDS and cancer have fallen 85 percent and nearly 22 percent since their peaks in 1995 and 1991***

New hepatitis C therapies have cure rates of more than 90 percent***
TODAY MORE THAN 7,000 MEDICINES
are in development around the world

Medicines in Development*

Cardiovascular Disorders: 1,813
Diabetes: 599
HIV/AIDS: 475
Immunological Disorders: 159
Infectious Diseases: 1,120
Mental Health Disorders: 1,256
Neurological Disorders: 511

Selected Diseases: Cancers: 1,329

*Defined as single products which are counted exactly once regardless of the number of indications pursued

Source: Adis R&D Insight Database
Medicines save lives and help patients

AVOID EXPENSIVE HOSPITALIZATIONS AND EMERGENCY ROOM VISITS

THE U.S. HEALTH CARE SYSTEM COULD SAVE $213 BILLION ANNUALLY IF MEDICINES WERE USED PROPERLY*

Adherence to Medicines Lowers Total Health Spending for Chronically Ill Patients**

Better use of medicines lowers total health spending for chronically ill patients.


Medicines offer great hope, but developing new treatments and cures is challenging.

On average, it takes more than 10 years and more than $2.6B to research and develop a new medicine.

Between 1998 and 2014:

Unsuccessful attempts:
- 123 Alzheimer’s Disease
- 96 Melanoma
- 167 Lung Cancer

Successful attempts:
- 4 Alzheimer’s Disease
- 7 Melanoma
- 10 Lung Cancer

Just 12% of drug candidates that enter clinical testing are approved for use by patients.

*Source: Tufts Center for the Study of Drug Development (CSDD)
**Source: PhRMA
MEDICINES ARE OFTEN SINGLED OUT BY INSURERS for high cost sharing and restrictions on access

On average, patients pay out of pocket nearly

20 PERCENT OF THEIR TOTAL PRESCRIPTION DRUG COSTS COMPARED TO 5 PERCENT OF HOSPITAL CARE COSTS*

*Includes brand and generic

Source: PhRMA analysis based on Medical Expenditure Panel Survey (MEPS)
THE USE OF 4 OR MORE COST-SHARING TIERS*

...is the norm for plans in Health Insurance Exchanges

![Pie chart showing share of silver plans by number of tiers: 4 Tiers (51%), 3 Tiers (33%), and 5 or More Tiers (16%).]

...and is becoming more common in employer plans

![Bar chart showing share of employees in plans with 4 or More Tiers:
- 2004: 3%
- 2006: 5%
- 2008: 7%
- 2010: 13%
- 2012: 14%
- 2014: 20%]

Beyond high cost sharing, barriers to access include insurer practices like prior authorization and step therapy.

*Silver Plans account for a majority of Health Insurance Exchange enrollment. "Tiers" refer to the different levels of cost sharing that plans require patients to pay for different groupings of medicines.
5 ways your insurer may prevent you from getting your medicine

Not covered at all

High out-of-pocket costs

Non-medical switching

Prior authorization

Step therapy
Retail Spending on Prescription Medicines Is a Small Share of Total US Health Care Spending

Retail brand & generic prescription medicines along with pharmacy costs account for about 10% of health care spending in America today, the same percentage as in 1960.

2014 Health Care Spending

- Government Administration and Net Cost of Private Health Insurance: 7.8%
- Home Health and Nursing Home Care: 22.7%
- Prescription Drugs: 9.9%
- Physician and Clinical Services: 31.8%
- Hospital Care: 20.0%
- Other: 7.8%

*Other includes dental, other professional services, other health, residential, and personal care, durable medical equipment, other non-DME products, government public health activities, and investment expenses.

The U.S. System Promotes Innovation and Affordability through
THE PRESCRIPTION DRUG LIFE CYCLE

In the U.S. system, innovator pharmaceutical companies produce medical advances, leading to improved health for patients and, over time, generic copies that consumers use at low cost for many years.

In Medicare Part D, generic use promoted by payers has driven the daily cost of the top ten therapy areas down by a third since 2006, with another one-third drop projected by 2015.

Issues for Patients & Prescribers

• Prolonged Illness
• Disruption in care and potential for permanent damage to occur
• Increased risk of non-compliance
• Increased risk of depression
• Higher overall healthcare costs
• Increased loss of productivity
• Increased out-of-pocket costs
• Reduction in quality of Life
• Administrative burden

Source: Global Healthy Living Foundation
MEDICATION ADHERENCE CAN SAVE BILLIONS IN HEALTH CARE COSTS

• **Preventing Hospitalizations**: Poor medication adherence is associated with increased hospitalizations, nursing home admissions, and physician visits. For instance, research demonstrates that patients who did not consistently take their diabetes medicine were 2.5 times more likely to be hospitalized than were patients who took their medicine as directed more than 80 percent of the time.

• **Preventing Disease**: Non-adherent patients were 7 percent, 13 percent and 42 percent more likely to develop coronary heart disease, cerebrovascular disease, and chronic heart failure, respectively, over three years than were patients who took anti-hypertension medicine as directed.

• **Preventing Adverse Events**: Providing counseling to patients to clarify their medication regimen following hospital discharge can dramatically reduce the likelihood of adverse drug events.
Policy Options – Modernize Step Therapy

• Transparency

• Helping Prescribing Providers Request Exceptions to Utilization Restrictions Requirements to Ensure their Patients Have Access to the Appropriate Treatment

• Clear Exceptions/Appeals Processes
Legislative Landscape

• Louisiana SB 421, SB 154, HB 393 (2010, 2011, 2013)

• Mississippi SB 2737 (2012)

• Kentucky SB 114 (2012)

• Connecticut SB 394 (2014)
Roadmap to PhRMA RESOURCES

Cost/Value: Resources that highlight the value medicines provide to patients, the health care system and society.
- Cost site: http://www.phrma.org/cost
- Catalyst blog: http://catalyst.phrma.org/

Access Better Coverage (ABC) Campaign: Resources and tools related to patient access in the health insurance exchanges.
- ABC site: http://accessbettercoverage.org
- Burden on Patients blog series: http://catalyst.phrma.org/burden-on-patients-access-to-medicines-in-exchange-plans
- State fact sheets: http://accessbettercoverage.org/numbers#states

From Hope to Cures: Real-life stories of patients who have overcome rare, debilitating and chronic diseases with the help of innovative medicine.
- From Hope to Cures site: http://www.fromhopetocures.org/
- I’m Not Average site: http://www.fromhopetocures.org/patients#sub-bottom
- In Your State site (state-specific content): http://www.fromhopetocures.org/in-your-state

Innovation: Resources detailing the process and importance of biopharmaceutical research and innovation.
- Innovation Hub: http://innovation.org/
- Clinical Trails: http://phrma.org/innovation/clinical-trials