

Facts of Drug Pricing Policy Proposals

The pharmaceutical industry lobbies heavily against legislation to curtail drug prices at both the state and federal levels. They spend millions of dollars on advertisements and even participate in “astroturfing” by bankrolling “patient groups” that tout industry talking points. At both the state and federal levels, these talking points in opposition to drug affordability legislation are similar. Below, we outline key facts that highlight why the pharmaceutical industry’s frequent arguments against drug pricing legislation do not stand up to scrutiny.

Innovation

- Less than [1 in 3](#) newly approved drugs have significant therapeutic value.
- Drug companies spend more on shareholder profits than research and development (R&D): From 2016 to 2020, the top 14 drug companies spent [\\$577 billion](#) on stock buybacks and dividends—\$56 billion more than they spent on R&D.
- Drug companies try to suppress competition: Many drug companies spend a significant portion of their R&D on finding ways to suppress generic and biosimilar competition instead of on innovative research.
- The U.S. government funds significant innovative research via the National Institutes of Health (NIH): Of the 356 new drugs approved from 2010-2019, [they all received NIH funding](#) totaling over 200 billion USD.

Pharmacy Benefit Managers (PBMs)

- Drug Companies [receive ~67%](#) of all revenue generated by [prescription drugs]; PBMs receive less than 5%.
- Manufacturers retain nearly ten times the amount of revenue that PBMs make from prescription drug sales, [according to a 2019 PEW report](#).



Jobs

- [Analysis by the U.S. House Committee on Oversight and Reform](#) found that for 14 of the largest drug companies in the United States, these companies spent over \$3.2 billion in aggregate executive compensation for their highest paid executives in the past five years. From 2016 to 2020, these drug companies increased executive compensation spending by 14%.
- [This same analysis](#) found that some drug companies paid multimillion-dollar compensation packages to top executives while raising prices on drugs relied on by millions of Americans. In fact, the Committee's investigation found that price increases on certain brand-name drugs led directly to higher bonuses for executives.
- [A 2019 analysis](#) by West Health found that the pharmaceutical industry could lose \$1 trillion in sales and still be the most profitable industry in the United States.

High Prices Reduce Access to Medications

- About [3 in 10 Americans](#) do not take their medicines as prescribed due to cost.
- Prescription drug prices are [250% higher in the United States](#) than other countries.