

Innovative, life-enhancing medicines provide benefits far beyond their costs.

Innovative medicines save and extend lives, improve quality of life and drive value to patients and the healthcare system as a whole. Access to these innovative medicines is key to many patients' survival.



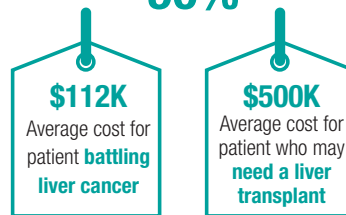
PRESCRIPTION DRUG USE SAVES DOLLARS, GIVES YEARS

HIV/AIDS 23%



The **decline in hospitalization** rates between 2002 and 2007 for HIV/AIDS patients because of new medicines.

Hepatitis C 90%



The **cure rate** for the newest generation of hepatitis C medicines. As more patients receive these treatments, we can expect to see a decline in the staggering costs of treating Hepatitis C-related complications.

Alzheimer's Disease \$367 billion



The amount America would **save in health services** by 2050 if we develop a new medicine that delays the onset of Alzheimer's disease by just five years.

Innovative medicines extend the lives of people with serious diseases, allowing patients to enjoy quality time with their loved ones. These medicines provide patients with greater hope for cures to the most complex and challenging diseases.

- Cancer patients lived a combined **23 million years longer** between 1988 and 2000, thanks to investments in cancer research.¹
- Today, **83% of children with cancer** survive, compared to 58% in 1970 thanks to innovative medicines developed by America's biopharmaceutical research companies.
- Today, **80% of people** with Chronic Myeloid Leukemia (CML) experience 10-year survival rates, compared to 20% a decade ago.²
- A new generation of Hepatitis C drugs has **cure rates of about 90%**, with reduced treatment duration and few side effects.³
- HIV/AIDS is **no longer fatal** — today, a 20-year-old diagnosed with HIV can live well into his/her 70s.⁴

Innovative medicines save millions of lives every year and are transforming how we treat and cure disease.

HIV/AIDS death rates have **decreased**



... since 1995

Heart disease death rates have **decreased**



... from 2001 to 2011

Cancer death rates have **decreased**



... since 1991



INNOVATIVE MEDICINES HELP PEOPLE LEAD LONGER, HEALTHIER LIVES AND POSITIVELY IMPACT SOCIETY, PROVIDING ECONOMIC VALUE FAR BEYOND THEIR COST.

Gains in cancer survival are worth nearly **\$2 trillion**, with a majority of that savings going to patients, families and our economy as a whole.⁵

Every additional dollar spent on prescription drugs results in a **\$2.06 reduction in Medicare spending.**⁷

Drug access through Medicare Part D has enabled patients — who previously had limited or no drug coverage — to spend **\$1,200** less per year on other medical expenses.⁸

REDUCING CANCER DEATH RATES BY **10%**

WOULD SAVE CURRENT AND FUTURE GENERATIONS

APPROXIMATELY

\$4.4 TRILLION DOLLARS⁶



Insurance providers are **driving up costs** and **reducing access to innovative, life-saving medicines**. These companies are using specialty tiers to **force patients to pay thousands of dollars out-of-pocket**, effectively limiting their access to medicines.

87% of stand-alone Medicare Part D Plans and **98%** of Medicare Advantage Rx Plans employ specialty tiers.⁹

- Some new health plans are requiring patients to **pay as much as half** of the cost of specialty drugs.¹⁰
- Patients typically pay much higher out of pocket costs for prescription medicines relative to other health care services like inpatient hospital care — **20% vs 4%** for privately insured patients.¹¹

Patients with an out-of-pocket expense less than \$100 were seven times **more likely to fill their prescription** than patients with an out-of-pocket cost of \$250 or more.¹²

States are recognizing that **insurance companies are unfairly denying access to treatments**. Many states have passed laws that limit beneficiary out-of-pocket expenses and have also passed oral cancer parity laws, to ensure patients don't pay higher cost share for oral drugs vs. injectable or infused cancer drug treatments.

ACCESS TO INNOVATIVE MEDICINES IS PART OF THE SOLUTION TO RISING HEALTHCARE COSTS ... BUT THE INSURANCE INDUSTRY IS HARMING THE ABILITY OF SICK PATIENTS TO RECEIVE NECESSARY TREATMENTS.

It's time for health insurance coverage to keep pace with innovative treatment advances. Insurance companies should consider:



Use of specialty tiers openly ignores what really matters — the **meaningful health benefits breakthrough** medications bring to patients and their families.

Minor cost sharing changes to benefit designs could ease burden on patients. Studies show that increasing deductibles by just \$4 would allow for specialty tier drugs to be moved to other brand tiers, while providing comparable outcomes.



Medicines often increase a patient's quality of life and ability to work and engage in daily activities, helping to avoid the need for substantial future health care services and costs.

Private insurers spent roughly as much on drugs as on administrative costs in 2013.

The U.S. will spend **\$13.6 trillion on hospital care over the next decade**, more than three times total spending on prescription medicines.¹³

¹ Lakdawala DN, et al. An economic evaluation of the war on cancer. *Journal of Health Economics*. May 2010. 29(3):333-346

² *Journal of Managed Care*, Nov 2012

³ <http://www.fda.gov/ForConsumers/ConsumerUpdates/ucm405642.htm>

⁴ Samji H, Cescon A, Hogg RS, Modur SP, Althoff KN, et al. (2013) Closing the Gap: Increases in Life Expectancy among Treated HIV-Positive Individuals in the United States and Canada. *PLoS ONE* 8(12): e81355

⁵ Lakdawala DN, et al. An economic evaluation of the war on cancer. *Journal of Health Economics*. May 2010. 29(3):333-346

⁶ K.M. Murphy and R.H. Topel, eds., *Measuring the Gains for medical Research: An Economic Approach*. (Chicago: University of Chicago Press, 2003), p. 42

⁷ Baoping Shang, Dana P. Goldman, Prescription Drug Coverage and Elderly Medicare Spending, NBER Working Paper No. 13358, Issued in September 2007

⁸ J. M. McWilliams, A.M. Zaslavsky, and H. A. Huskamp, "Implementation of Medicare Part D and Nondrug Medical Spending for Elderly Adults With Limited Prior Drug Coverage," *Journal of the American Medical Association* 306, no 4 (2011): 402-409

⁹ Medicare Part D 2009 Data in the Spotlight: Specialty Tiers, by Hoadley, Hargrave, Cubanski, Neuman <https://kaiserfamilyfoundation.files.wordpress.com/2013/01/7919.pdf>

¹⁰ <http://avalere.com/expertise/managed-care/insights/consumers-likely-face-high-out-of-pocket-costs-for-specialty-drugs-in-excha>

¹¹ Five Facts about the Value of Innovative Cancer Medicines, PhRMA. <http://catalyst.phrma.org/five-facts-about-the-value-of-innovative-cancer-medicines>

¹² Association of Prescription Abandonment with Cost Share for High Cost Specialty Pharmacy Medicines, 15 *J. Managed Care Pharm.* 248-58, Gleason et al, (2009)

¹³ http://phrma.org/sites/all/themes/adaptivetheme/at_subtheme/images/cost/FiveEssentialTruths.pdf