











Prescription Medicines: Costs in Context www.phrma.org/cost

We are in a new era of medicine where breakthrough science is transforming care with innovative treatment approaches...

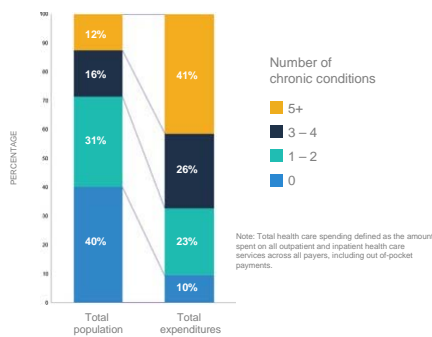
Then	Now
 Medicines made of chemical compounds	 Medicines made from living cells
 Medicines treat broad diseases	 Medicines targeted to specific patient based on genetic makeup
 Radiation and chemotherapy to treat cancer	 Immunotherapy that harnesses body's own immune system to fight disease
	 CAR T-cell therapy
	 CRISPR

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...and enabling us to more effectively treat chronic disease, the biggest cost driver.

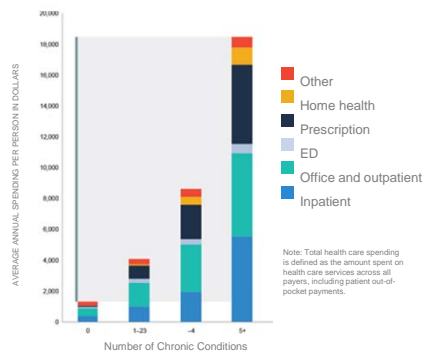
Treating people with one or more chronic condition consumes 90 cents of every dollar spent on health care.

Prevalence and Spending by Number of Chronic Conditions (2014)



Source: RAND Corporation

Health Care Spending by Number of Chronic Conditions (2014)



3

In the midst of this incredible progress, medicine cost growth is declining.

Multiple sources confirm 2016 spending growth was between 3% and 5%.



5.2%

2015

3.8%

2016



5%

2015

3.2%

2016



9%

2015

5%

2016



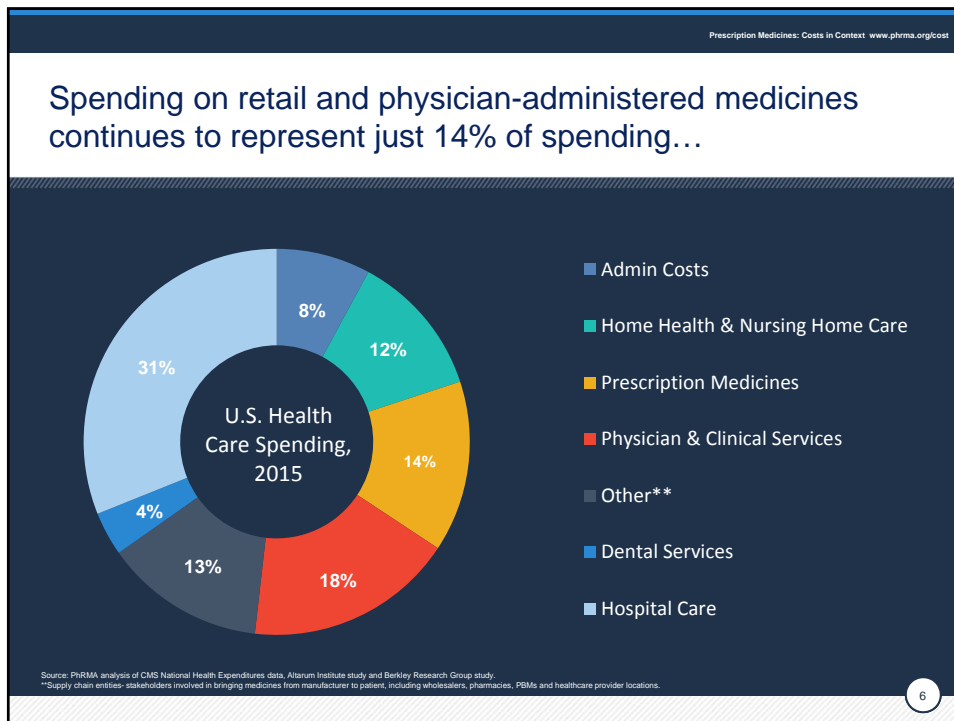
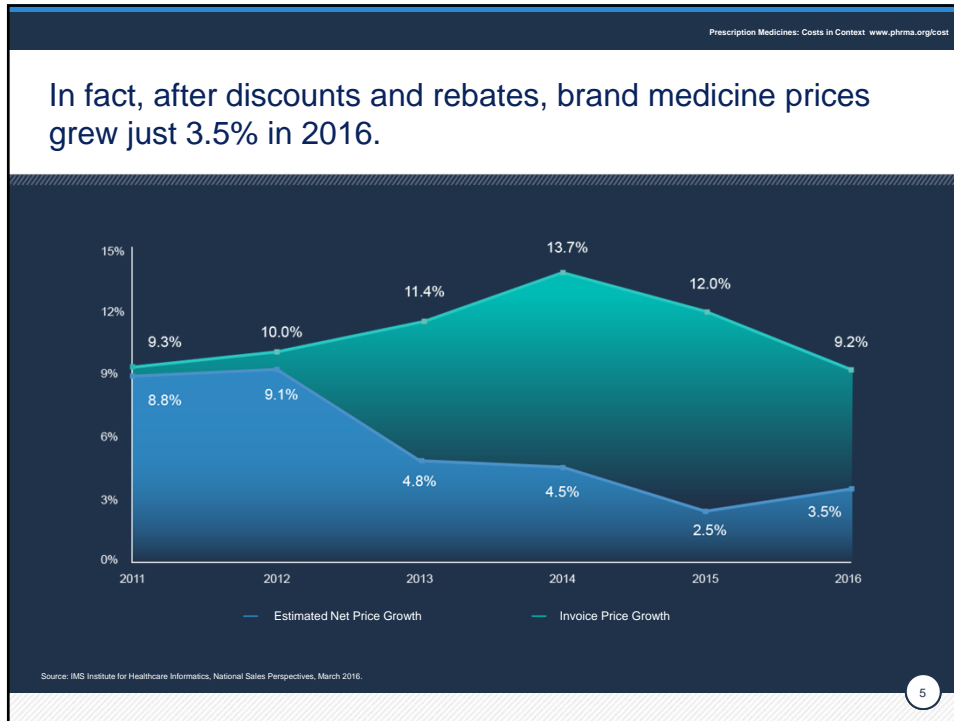
8.5%

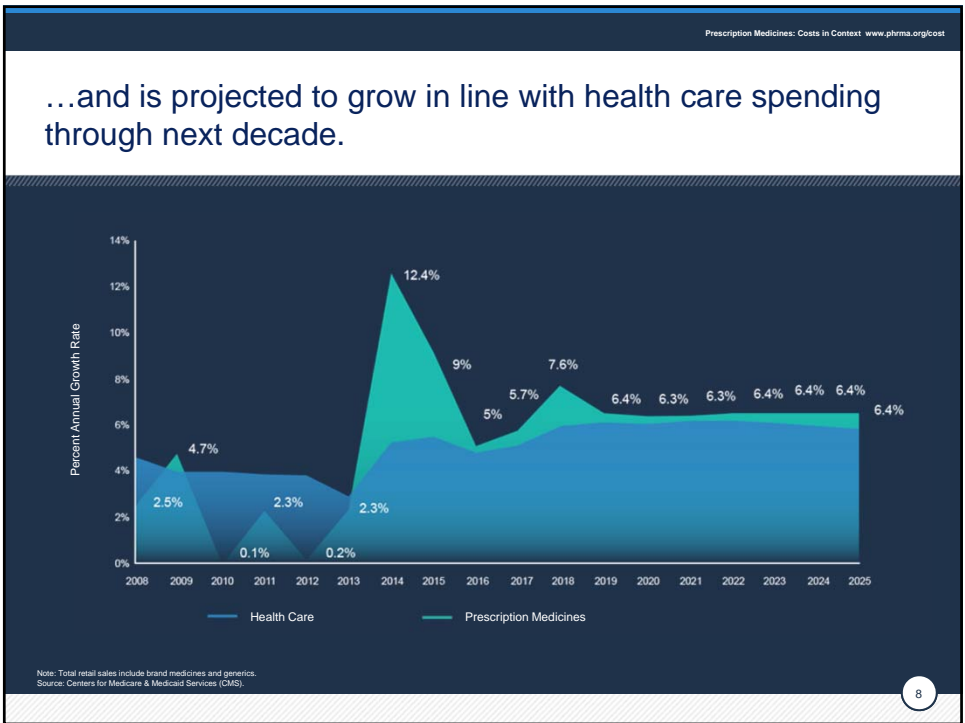
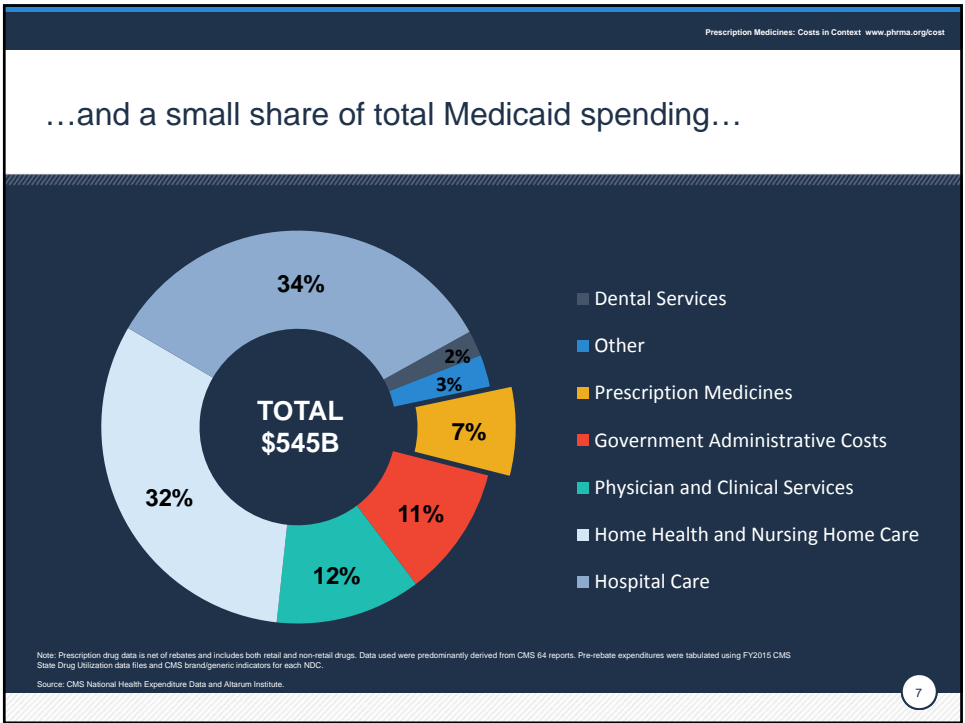
2015

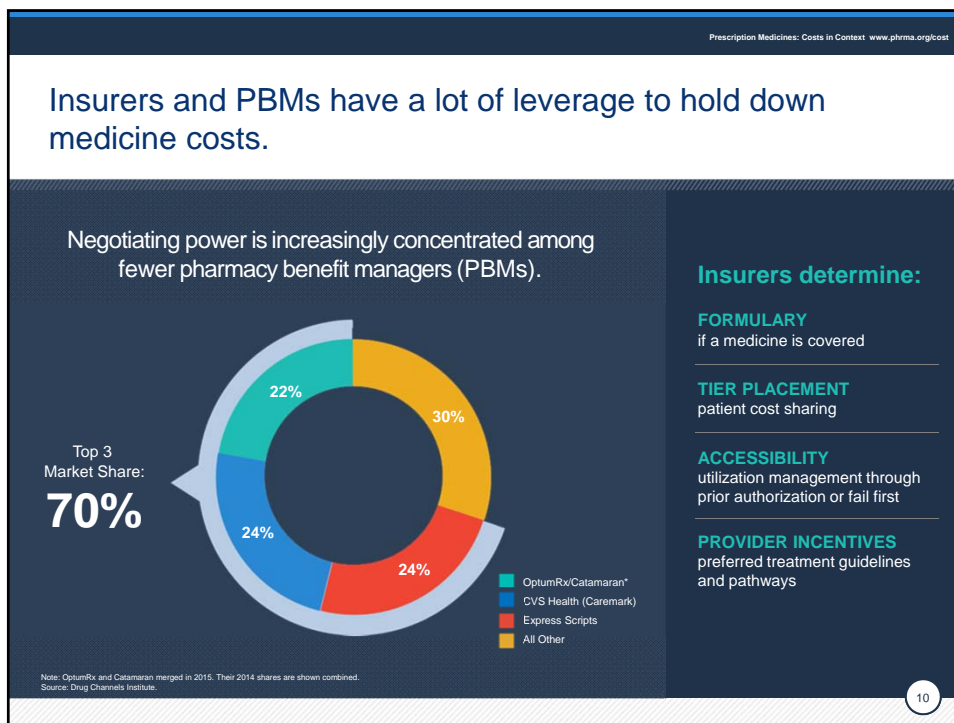
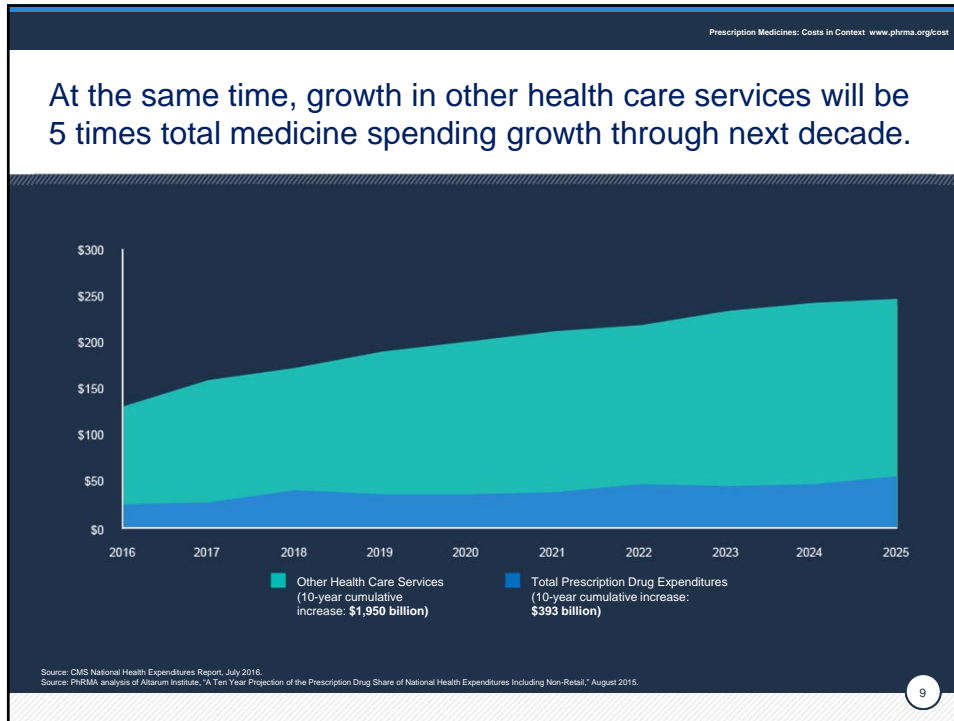
4.8%

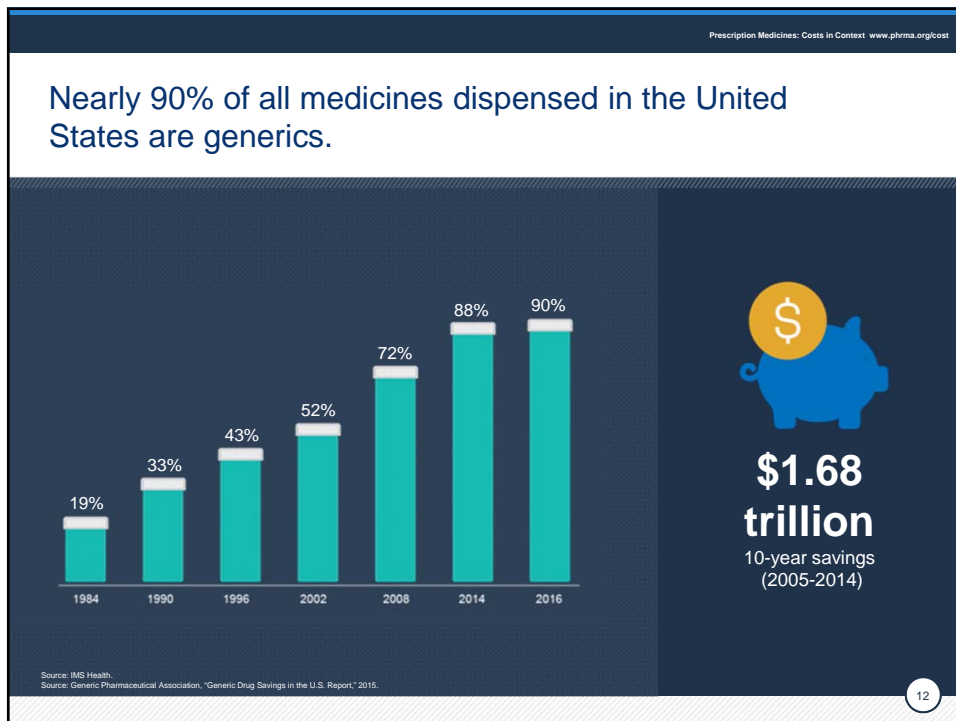
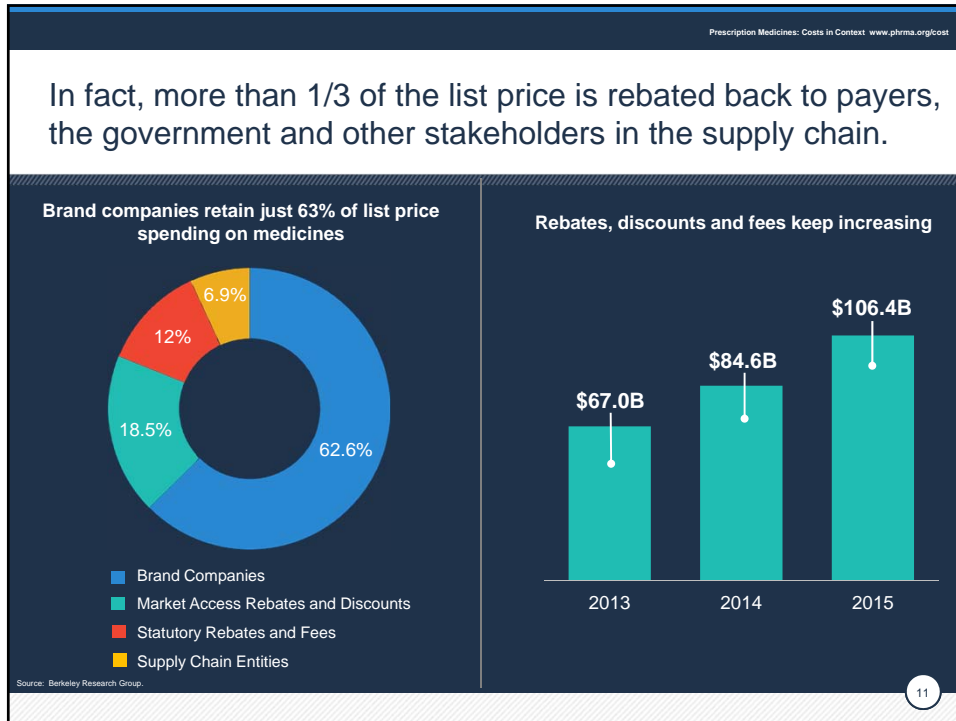
2016

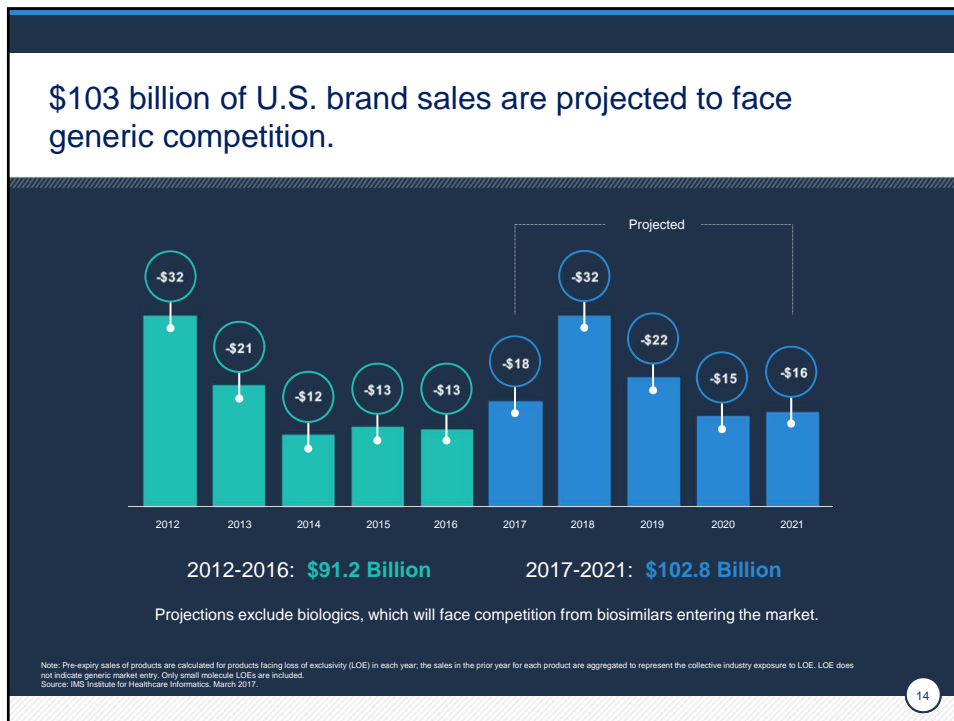
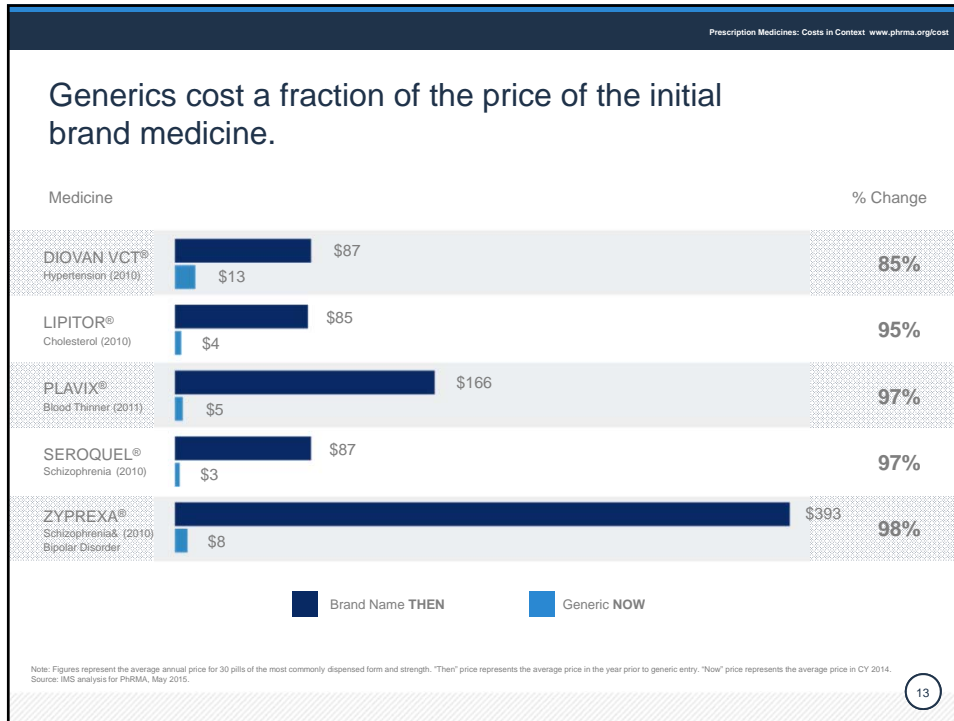
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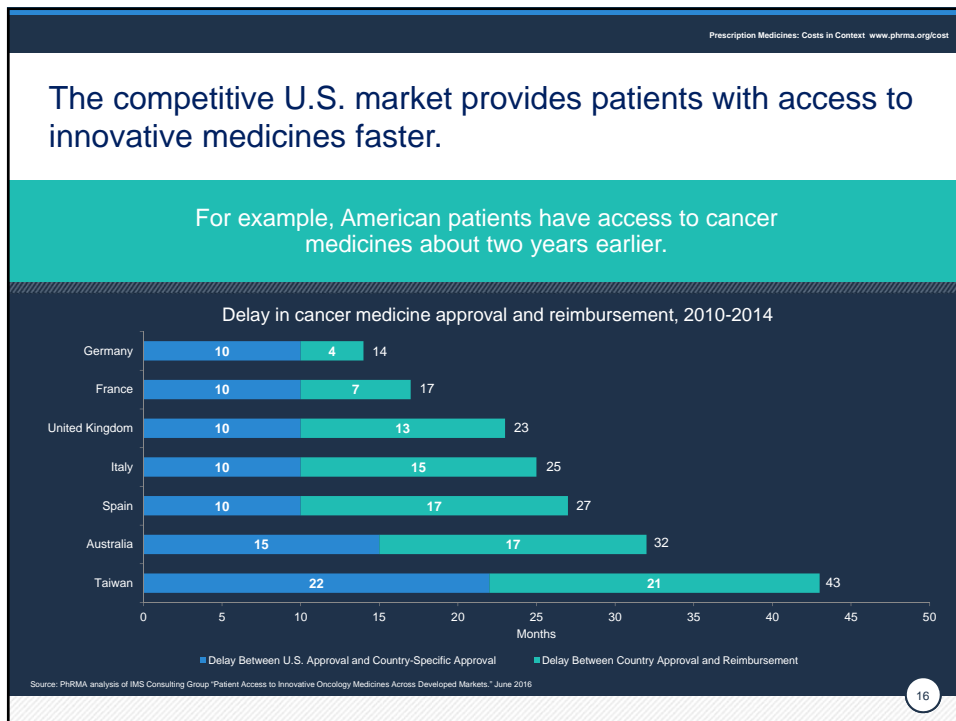
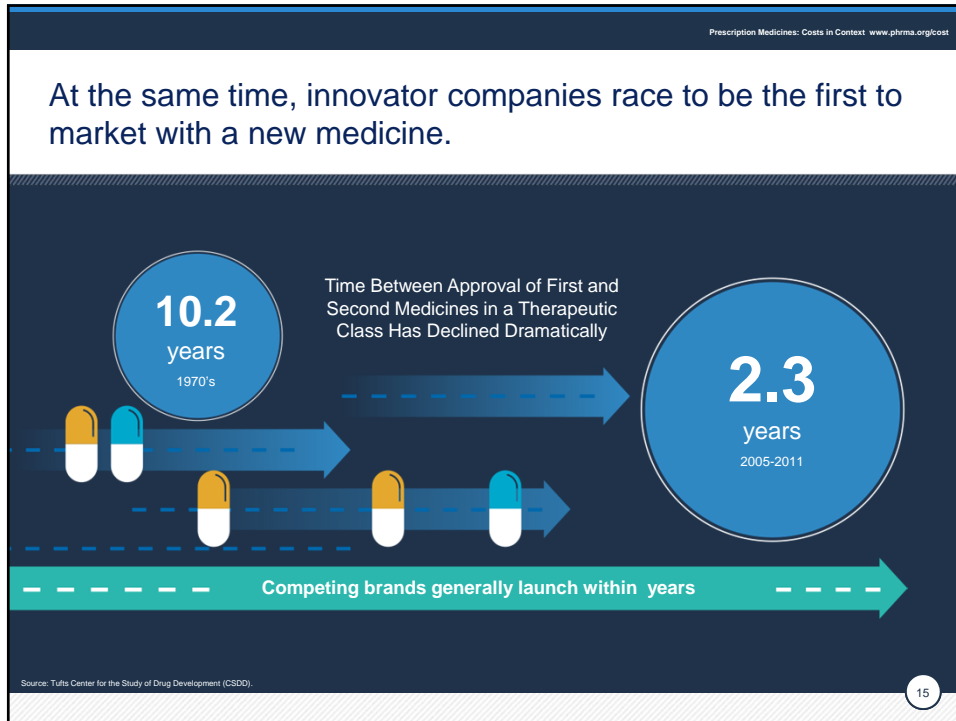


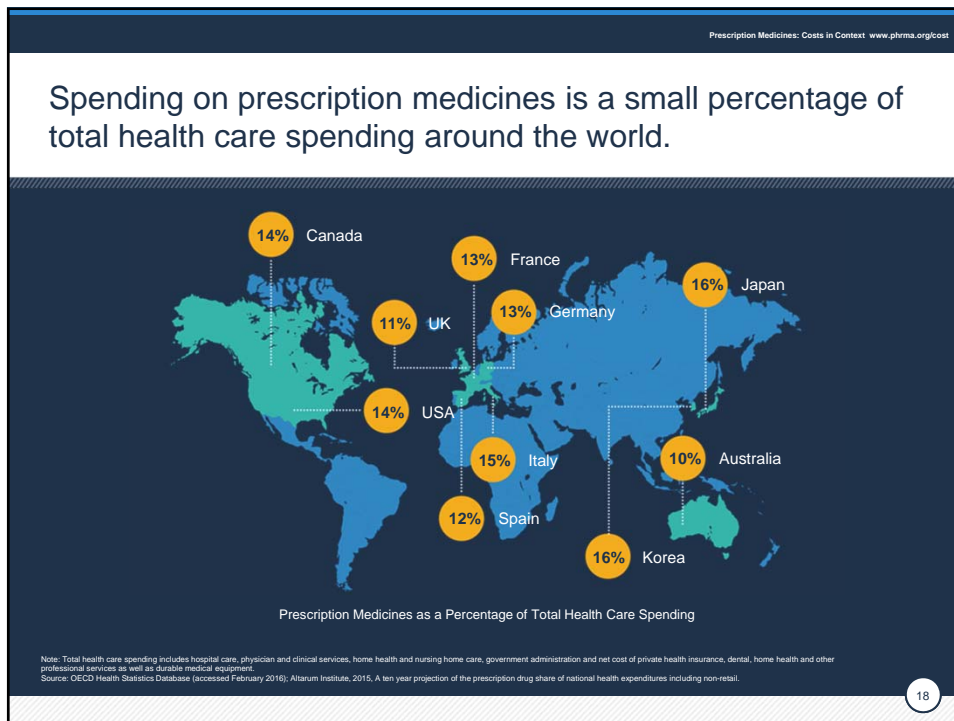
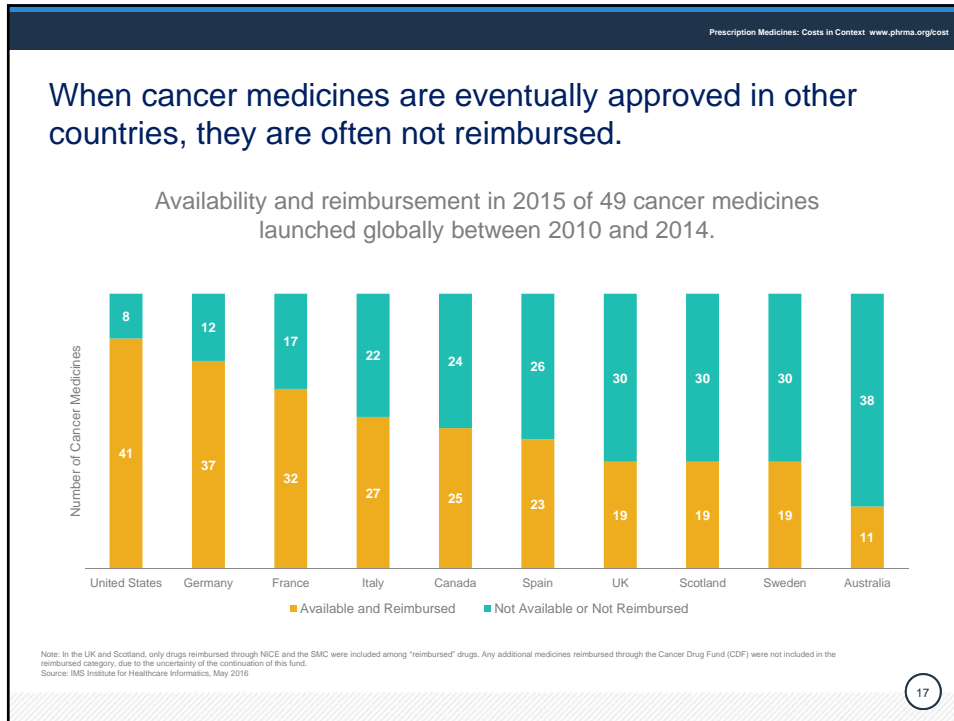


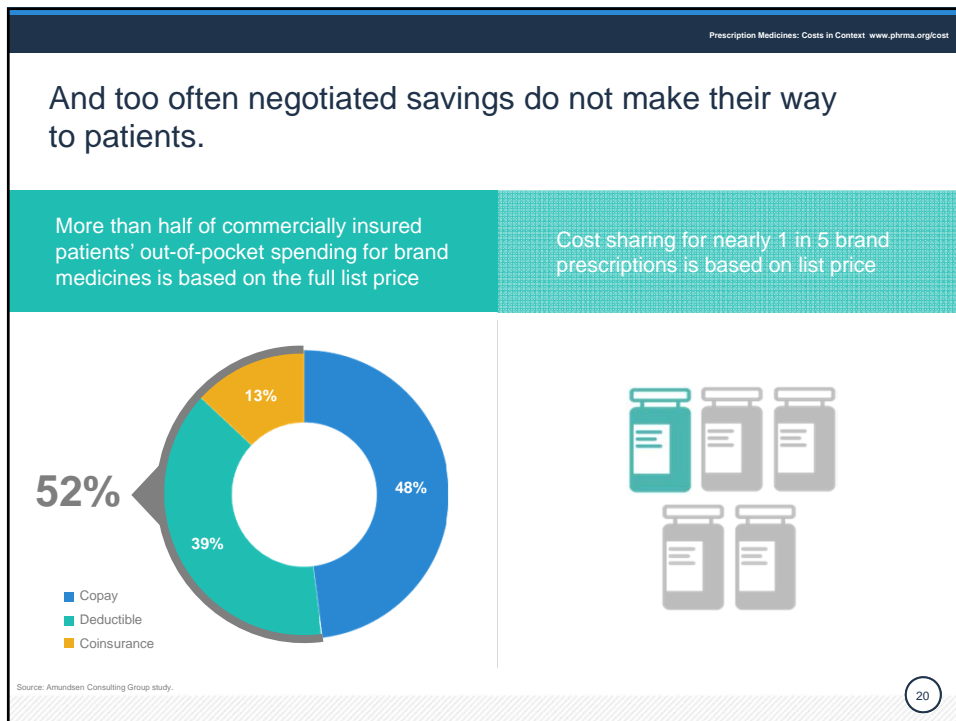
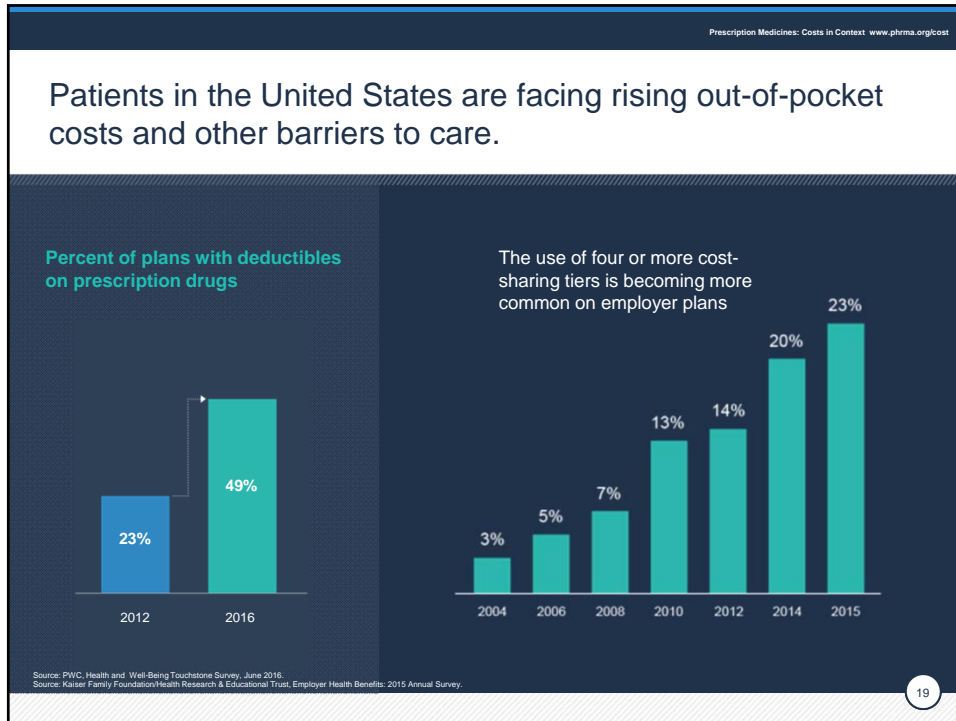


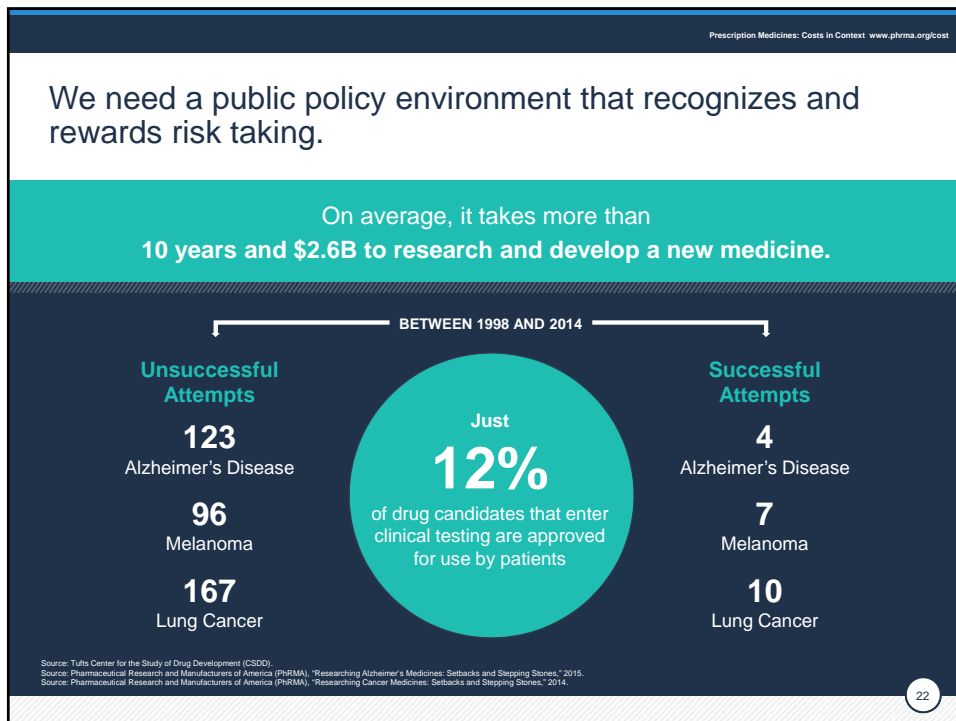
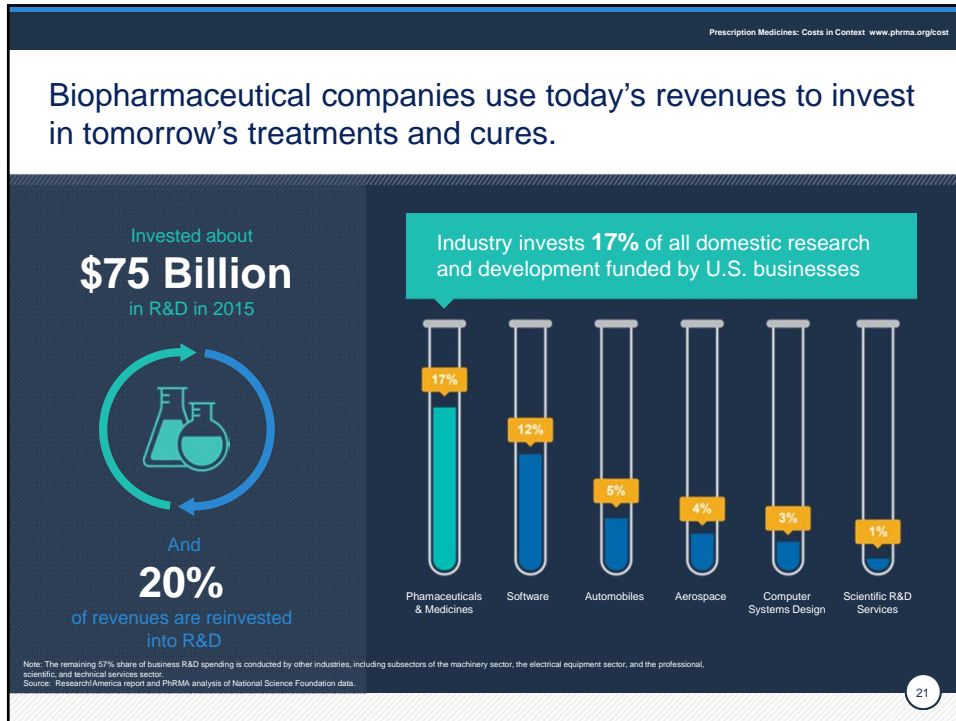












Collectively, these market-based reforms can make medicines more affordable and accessible.



MODERNIZE THE DRUG DISCOVERY AND DEVELOPMENT PROCESS

- Modernize the FDA to keep pace with scientific discovery and increase efficiency of generic approvals
- Promote and incentivize generic competition.



PROMOTE VALUE-DRIVEN HEALTH CARE

- Remove barriers restricting information companies can share with insurers.
- Reform regulations discouraging companies from offering discounts tied to outcomes.
- Modify Medicaid best price requirements.



EMPOWER CONSUMERS AND LOWER OUT-OF-POCKET COSTS

- Provide patients with access to negotiated rebates.
- Address affordability challenges in the deductible.
- Make more information on health care out-of-pocket costs and quality available to patients.



ADDRESS MARKET DISTORTIONS

- Address burdensome regulations that distort programs like the 340B Drug Pricing program.



IMPROVE TRADE AGREEMENTS

- Enforce existing trade agreements.
- Ensure new trade agreements recognize value of innovative medicines.