Top 5 lies Pharma is telling about drug pricing

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On August 12th, President Biden urged Congress to take action to lower drug prices in the reconciliation package. In his remarks, the President echoed the importance of this issue for millions of Americans today:

"There aren't a lot of things that almost every American could agree on, but I think it is safe to say that all of us, whatever our background or our age and where we live, could agree that prescription drug prices are outrageously expensive in America."

Despite consistent public outcry to lower the price of prescription drugs, the pharmaceutical industry continues to oppose any measures that will eliminate their ability to set and keep prices high. Their billion dollar teams of lobbyists are using every tool in their power to prevent measures like Medicare negotiation from making it in Congress's final bill.

Here are the top 5 lies they're telling to do it.

1. Lowering drug prices will hurt innovation.

Big Pharma loves to use these terms interchangeably, but the truth is innovation and R&D spending are not the same thing. A recent study by the Congressional Budget Office (CBO), not all R&D spending is used to develop new drugs, and Pharma's increased spending does not necessarily correlate to high rates of drug introductions.

Make no mistake, drug corporations *can* afford to lower the price of prescription drugs and continue investing in innovative new medicines at the same time. They just don't want to. A study from West Health and Bentley University's Center for Integration of Science and Industry released this month shows that reducing prices for patients would have minimal impact on innovation if managed properly.

A July review by the House Committee on Oversight and Reform found that projected spending on stock buybacks and executive compensation by top pharmaceutical corporations will amount to **more than twice** the savings the Congressional Budget Office estimated for H.R.3. The billions these corporations claim will be lost from innovation could be replaced by reducing spending on stock buybacks, dividends and CEO pay.

2. **Medical innovations aren't funded by the public.**

   Taxpayers funded the underlying research for many of the drugs on the market today. There were 356 new drugs approved by the Federal Drug Administration (FDA) from 2010 to 2019 -- all of them included public funding.

   From funding the National Institutes of Health (NIH) and Biomedical Advanced Research and Development Authority (BARDA) to the Department of Defense and Department of Energy, American taxpayers are critical investors in the research and development it takes to bring new drugs to market including the current COVID vaccines.

3. **Pharma invests more in R&D than lining their own pockets.**

   According to a recent staff report from the House Committee on Oversight and Reform, leading drug companies spent **$56 billion more** on stock buybacks, dividends for investors, and CEO pay than R&D in the last 5 years.

   These companies have hundreds of billions in on hand cash to spend on increasing their own wealth. The claim that making prescription drugs more affordable for America's families would eat into their R&D is an industry line to avoid the truth: they don't want to give up their personal slush fund.

4. **Corporations compete against each other to keep prices low.**

   For decades, the pharmaceutical industry has gamed the system to maintain their monopoly control over drug prices.

   These corporations routinely use a horde of tactics to undermine competition and prolong their exclusive hold on the market. When the patent protection on a drug is close to expiration, corporations file *citizen petitions* to delay pending applications from their competitors and use *pay for delay* agreements to keep companies from launching generic versions of the same drug. They also tweak current drugs to extend their patents and put them back on the market with a quick re-brand: according to reporting from Matrix Global Advisors, just five re-branded medicines cost patients and the U.S. healthcare system $ 4.7 billion each year.

   The result for patients? Higher drug prices and limited alternatives to brand-name suppliers at the pharmacy counter.

5. **Price-hikes are necessary to support R&D.**

   Drug corporations continue to have the highest profit margins of any industry in the U.S. The industry is so rich in fact, that even if they lost $1 trillion in sales, pharmaceutical companies could maintain their R&D investments, and *still* be the most profitable sector.

   After numerous Congressional investigations, there is still zero evidence to support this claim that price-hikes support Big Pharma's R&D investment. Hours of testimony from the top corporate executives and weeks of reviewing thousands of documentation from their offices **revealed nothing**.

   Instead, these investigations revealed that significant amounts of revenue from price increases *are* going to higher bonuses for executives, suppressing competition from generic competitors and direct-to-consumer advertising for prescription drugs instead of R&D.

   The most profitable industry in the country doesn't need to price-gouge Americans, they just want to.