

A NEW YEAR BRINGS THE SAME OLD BAD BEHAVIOR BY BIG PHARMA

Pharmaceutical corporations once again ushered in the new year with widespread price hikes on hundreds of life-saving and life-sustaining medications. This is not a new trend — drug companies have a decade-long tradition of hiking prices at rates much faster than inflation. Given that the price for an average brand-name drug is more than \$6,600 a year and older Americans take 4 to 5 prescriptions on average, the 6.3% average increase this January translates into substantial costs for patients.

Even as we enter the third year of a pandemic, drug companies continued the price hike tradition, undeterred by the financial and health difficulties of American families. Patient pleas, public scrutiny, and economic hardship were not enough to stop the drug industry from jacking up prices. We continue to pay almost four times what other nations pay for the same drugs. Congressional action is needed to deliver long overdue relief to patients.

RISING PRICES ARE TOP OF MIND FOR AMERICAN FAMILIES

Difficulty affording expensive drugs is not a new issue for patients in the United States, but the economic pressures resulting from the pandemic have exposed them to increasing prices for an assortment of consumer goods. Rising prices are understandably a top concern for American families.

In this report, we examine the drug industry's New Year price hikes, analyze some of the worst offenders, and highlight the impact price hikes have on patients.

PATIENTS PAY THE PRICE: TRULICITY

Eli Lilly raised the price of Trulicity by 5% on Jan. 1. A month's supply of the type 2 diabetes medication is now priced at \$884. Trulicity is Eli Lilly's best-selling product and a key source of profit, generating more than \$5 billion in global sales in 2020.

“Big Pharma has once again raised the price of the Trulicity I take to manage my type 2 diabetes. I need this drug to live and I worry that it will eventually be priced out of my reach.”

— Janet Schwartz,
Newark, DE



CONGRESS CAN PROTECT PATIENTS BY PASSING DRUG PRICING REFORM

Fortunately, the Senate is currently considering legislation — passed by the House of Representatives in November — that can curb rising drug prices for millions of Americans. The drug pricing reforms in the Build Back Better Act halt abusive annual price hikes by limiting increases to the rate of inflation, which is projected to return to 2.3% in 2023. The legislation also tackles the highest-priced drugs that are most burdensome to taxpayers by permitting Medicare to negotiate for some of the costliest drugs in the program.

PATIENTS PAY THE PRICE: VYVANSE

Mental health drug Vyvanse came to the market 15 years ago at a hefty price of \$341 per bottle. Since 2007, Takeda has raised the price 19 times. After this month's hike, the price for a bottle is now an astounding \$1,172. After 15 years of hikes, Takeda now rakes in more than \$2.5 billion a year on the drug.

“I’m a patient advocate and writer living with PTSD, fibromyalgia, and ADHD. Because of Vyvanse’s unaffordable price, I was forced to take a cheaper but less effective alternative. This price hike just makes Vyvanse that much more out of reach for patients like me who need this medicine.”

— Lisa Ann Trainor,
Princeton, NJ



PRICE HIKES AT A GLANCE

554

Number of drugs raised in price by Big Pharma

93%

Percentage of hikes that were on brand-name drugs

6.3%

The average price hike

1 in 4

Proportion of price hikes that exceeded the rate of inflation for the 12-month period ending in November 2021

93%

Percentage of price hikes that exceeded 2.3%, the projected inflation rate for 2023

183

Number of drugs that were hiked by \$100 or more

118

Number of hikes on drugs with a price over \$5,000

125

Number of hikes made by Pfizer and its subsidiaries — more than any other company

WHY LIST PRICES MATTER

List prices are set by pharmaceutical manufacturers and, despite drug industry claims, have a major impact on what patients pay. Here's why:

- **29 million uninsured Americans** are often forced to pay the full list price of a drug when they are at the pharmacy counter.
- **Insured patients with a deductible phase** in their coverage must pay list price for their drugs before they hit the deductible. This causes incredible financial hardship for patients, especially in January when deductibles start over.
- **Insured patients** often pay coinsurance — a portion of the total cost of a drug — instead of a flat-fee copay. In fact, as health care prices including prescription drugs have risen in the last 15 years, employers and insurance companies have shifted an increasing amount of costs to patients in the forms of higher deductibles and coinsurance. That means rising list prices directly increase what patients are paying out of pocket.
- **The 48 million Medicare beneficiaries** with Part D plans are exposed to the full price of their drugs both until they meet their deductible and throughout the year when they pay coinsurance based off list price without a cap on out-of-pocket spending.

THE TRUTH ABOUT PRICE HIKES

Drug companies claim that raising prices is vital to pay for research, development, and innovation, but that's just not true. A three-year investigation of the drug industry by the House Committee on Oversight and Reform revealed three realities behind the pricing practices of major pharmaceutical companies:

- **Motivated by greed — not innovation:** The committee found that annual price hikes were motivated by efforts to meet revenue targets that were often linked to executive compensation.
- **Hikes are targeted at the United States:** The drug industry's price increases are specifically targeted to the United States because the government does not negotiate or constrain prices. For many pharmaceutical products, drug companies make more money in the United States than in every other country combined.
- **Extracting taxpayer money from federal programs:** The drug industry's pricing tactics are costing taxpayers billions. The committee found that Medicare could have saved \$25 billion between 2014 and 2018 if the government were permitted to negotiate lower prices.

PFIZER: POSTER CHILD FOR GREED

BETWEEN JAN. 1, 2022 AND JAN. 5, 2022, PFIZER HIKE THE PRICE OF 125 DRUGS, MORE THAN ANY OTHER COMPANY. AMONG THE LIST OF PRICE HIKES WERE:

7 OF PFIZER'S TOP 10 BEST-SELLING DRUGS | THE MOST COSTLY DRUG FOR MEDICARE

THESE 125 PRICE HIKES FOLLOW A RECORD-BREAKING YEAR OF PROFITS FOR PFIZER.

Due to sales of its COVID-19 vaccine, which is set to be the best-selling drug of all time, Pfizer shattered profit records in 2021. Projected sales for 2022 are \$36 billion — nearly double the previous record for one-year sales for a prescription drug. To put this into perspective, AbbVie's Humira previously held the spot with \$19.8 billion in sales, and Pfizer's best-selling product just prior to the pandemic achieved worldwide revenues of \$5.8 billion. Despite this record revenue in 2021, Pfizer began 2022 with price hikes on 7 of its 10 best-selling drugs. **These hikes of 5% or 6% can translate into thousands of dollars in higher costs for patients.**

PRICE HIKES FOR PFIZER'S TOP-SELLING DRUGS

DRUG	INDICATION	HIKE	SIGNIFICANCE
Pevnar	Pneumonia vaccine	6.9%	Prior to the pandemic, Pevnar was Pfizer's top-selling drug, aided by <u>year-to-year</u> price hikes on the vaccine despite no changes to the product.
Ibrance	Breast cancer	6.9%	The 6.9% hike brings the price to \$13,973 for a one-month supply of the pill, a \$901 increase.
Eliquis	Cardiovascular disease	6%	The 6% hike brings the price to \$529 for a one-month supply of the pill. Eliquis is the <u>fourth best-selling drug</u> in the world and the <u>costliest</u> drug for all of Medicare, with more than 2 million beneficiaries taking the medication.
Xeljanz	Inflammatory conditions	5.5%	The 5.5% hike brings the price to \$5,201 for a one-month supply of the pill, a \$271 increase.
Vyndaqel & Vyndamax	Cardiovascular disease	4.4%	The 4.4% hike brings the price to \$19,575 for a one-month supply of the pill, an \$825 increase for a product among the <u>most expensive</u> drugs in the world.
Sutent	Gastric or kidney cancer	5.5%	The 5.5% hike brings the price to \$20,785 for a one-month supply of the pill, a \$1,083 increase.
Inlyta	Kidney cancer	6.9%	The 6.9% hike brings the price to \$17,775 for a one-month supply of the pill, a \$1,147 increase.



“I’ve had to spend my entire paycheck on drug costs. I’ll likely be taking Eliquis for the rest of my life. With the price increasing again, I worry about how I’ll make ends meet while still affording my drugs.”

— Ashley Suder, Morgantown, WV

HOW THE DRUG PRICING PROVISIONS IN THE BUDGET RECONCILIATION PACKAGE PROTECT AMERICAN PATIENTS FROM EVER HIGHER DRUG PRICES:

1. Hold price increases to the rate of inflation:

The House-passed legislation requires steep penalties or “rebates” be paid by drug companies that hike prices faster than inflation. This directly saves consumers money because cost-sharing for drugs in Medicare will be based on the curbed prices, not the increases outpacing inflation. This provision incorporates prices of drugs sold in the private sector when calculating penalties, which means drug companies will also constrain or eliminate price hikes in the commercial market to avoid paying rebates.

93% of January 2022 price hikes exceeded 2.3%, the projected inflation rate for 2023. If drug companies try to hike prices on pace with the last decade, this legislation will protect patients by stopping increases that outpace the rate of inflation.

2. Negotiate for many of the most costly drugs:

For the first time since the passage of the prescription drug benefit, Medicare will be authorized to directly negotiate prices with drug companies for some of the most costly drugs in the program, including insulin products. Patients will benefit directly from these lower prices.

3. Cap monthly insulin copays for millions of patients at \$35 per prescription:

Insulin prices in America are outrageous and unjustified due to decades of price hikes and lockstep pricing by the three insulin manufacturers that control 90% of the global insulin market. For insulin-dependent diabetics with commercial insurance or Medicare, monthly insulin copays will be limited to \$35 per prescription, leaving more money in their pockets.

PATIENTS PAY THE PRICE: OCREVUS

Ocrevus, an injectable medication that treats multiple sclerosis, is the top blockbuster drug for its manufacturer, Genentech (a subsidiary of Roche). In 2020, Roche surpassed \$4.6 billion in sales of the drug, which is priced at \$17,796 for just one vial. Many patients require four vials each year, meaning that annual costs can reach \$71,184 — higher than the median household income in the United States.

““

Without access to treatment, multiple sclerosis patients like myself live in a world of hopelessness. Due to the 4.5% increase in the price of this drug this year, treatment keeps getting further and further out of reach. How can one vial be priced at over \$17,000?”

— Debbie Greer, Paris, TN



CONCLUSION

This month, drug companies marked the new year with price hikes on 554 medications essential for management of chronic diseases like diabetes, cancer, cardiovascular disease, and mental health conditions. Many of the hikes treat conditions that place patients at higher risk of severe illness or death from the ongoing COVID-19 pandemic. These hikes arrive at a time when rising prices are top of mind for American families struggling under the weight of the pandemic’s third year.

This year, Congress has an opportunity to take immediate action to protect patients from future price hikes by passing the drug pricing reforms in the Build Back Better Act.

The data set and breakdown of the report’s methodology can be found [here](#).