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NEW REPORT UNCOVERS BIG PHARMA'S ABUSES COST U.S. HEALTH CARE SYSTEM \$31.7 BILLION

Report details for the first time the combined impact that Big Pharma's gamesmanship and many abuses have on American patients

Washington, D.C., July 16 - Today, the Coalition for Affordable Prescription Drugs (CAPD) released a new report from Matrix Global Advisors, "Gamesmanship and Other Barriers to Drug Competition." The report shows how brand drug companies have used anticompetitive tactics to delay the entry of generic competition and sustain monopolies. According to the report, stopping this gamesmanship could save U.S. patients and taxpayers over \$30 billion.

Key takeaways of the report include:

- Brand drug companies use a wide array of anticompetitive tactics to delay competition for their products, including strategies not yet widely discussed and addressed by policymakers.
- The average exclusivity period for large-market brand drugs has increased by 2.2 years since the mid-1990s.
- The U.S. health system would stand to gain \$31.7 billion in savings if brand drug gamesmanship was prohibited and generic drugs came to market 2.2 years faster.

"U.S. patients are missing out on huge savings that could benefit them if generics came to market faster – to the tune of \$31.7 billion," said **Debra Barrett, Executive Director of CAPD**. "The ongoing gamesmanship needs to be addressed to ensure we restore the appropriate balance between incentivizing innovation and promoting timely competition."

"Drug manufacturers have deployed more and more tactics to delay the entry of generic competition onto the market, and, as expected, average exclusivity periods for large-market brand drugs has increased," said **Alex Brill, the report's author and CEO of Matrix Global Advisors**. "The 2.2-year gain in average exclusivity costs U.S. patients and health care

purchasers money. Ending these tactics, reversing the increase in exclusivity, and moving generic competition to market faster can help the U.S. health care system realize up to \$31.7 billion in savings."

Barrett added, "We've known for a long time about some of the ways that drug companies take advantage of the patent and regulatory processes to delay access to affordable generic prescription drugs. What's been missing is a comprehensive view of the unrealized savings for patients and the U.S. health care system as a result of those abuses."

This report once again underscores the need for more to be done to reestablish the appropriate and necessary balance between innovation and competition. Congress passed Hatch-Waxman, the law that created our modern system for prescription drugs, 35 years ago to establish that balance. Over time, however, brand manufacturers have engaged in increasingly complex tactics to delay generic entry. As a result, U.S. patients and taxpayers are footing the bill for longer monopolies and higher prices.

"Millions of public sector employees, retirees, and their dependents rely on prescription drugs every day to cure and manage their health conditions, and the members of the Public Sector HealthCare Roundtable work diligently to ensure timely access to these medications at a cost that is reasonable," said **Gary Harbin, CPA, Executive Secretary of the Teachers' Retirement System of Kentucky and Chairman of the Board, Public Sector HealthCare Roundtable**. "Unfortunately, the skyrocketing list prices of drugs in this country - and particularly specialty drugs - creates enormous barriers to achieving these goals. This report offers critically important, market-based solutions to address the crisis of rising drug prices not just for public sector workers, retirees, and their families but for all Americans."

"As the members of our coalition seek to contain costs and promote access on the front lines of the health care system, we urge policymakers to do all they can to support robust and timely competition in the marketplace," said Barrett. "This is critical to enabling both public and private sector health care purchasers, including employers, unions and retirees, and the pharmacy benefit managers (PBMs) they work with, to drive down prescription drug costs for the millions of Americans they serve."

"Large employers that sponsor health benefits for workers and families want to ensure that high quality health care is affordable and accessible," said **Annette Guarisco Fildes, President and CEO of The ERISA Industry Committee**. "Prescription drug costs are skyrocketing, and the current system is not delivering the competition needed to control costs. While public policies must ensure that brand drug manufacturers have appropriate incentives to innovate, this report demonstrates that Congressional action is also needed to ensure that the promise of true choice and competition is achieved once market exclusivity is slated to end."

To see the full report, visit CAPD's website:

<http://www.affordableprescriptiondrugs.org/resources/gamesmanship-and-other-barriers-to-drug-competition/>