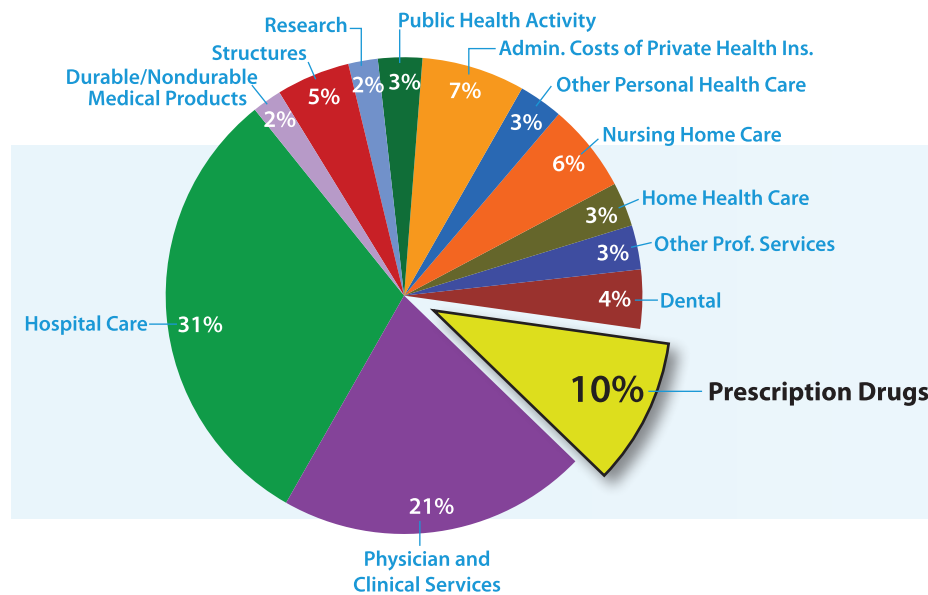


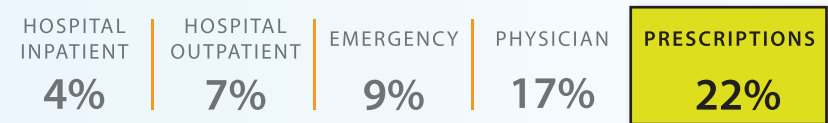
Current Insurance System Overcharges Patients for Cost-Effective Medicines

Medicines are a cost-effective option relative to other health care interventions and a small percentage of total health spending. According to the Centers for Medicare & Medicaid Services, medicines account for only 10 cents out of every health care dollar spent¹.

While prescriptions comprise a small portion of health care spending in the United States, patients are currently paying proportionally higher out-of-pocket costs for prescription medicines than they do for other medical services.



AVERAGE PATIENT OUT-OF-POCKET COSTS BY TYPE OF SERVICE IN THE COMMERCIAL MARKET²



Access to innovative medicines, preventative treatments and cures are proven to reduce the use of higher cost conventional health care services. Yet, the current structure of our health care system disproportionately charges patients more for prescription drugs than for other medical services relative to their cost to the system as a whole. This threatens to undermine the integrity of health insurance, which is to spread and share health care costs.

In the new era of health care reform, health benefits must evolve in a way that improves – not penalizes – patient access to more cost-effective and medically beneficial treatment options.

¹ CMS Historical and Projected National Health Expenditures 1965-2018. Table from NHE65-18.zip. Available at: www.cms.gov

² PhRMA analysis of Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2009. Available at www.meps.ahrq.gov/mepsweb/ (accessed March 2014). Prescription drug spending includes brand and generic ingredients, pharmacy, and distribution costs.

Biopharma Facts is produced by the California Biotechnology Foundation, a non-profit 501(c)(3) organization dedicated to improving informed policy making by increasing awareness of California's life sciences industry among policymakers, opinion leaders and other stakeholders.

