

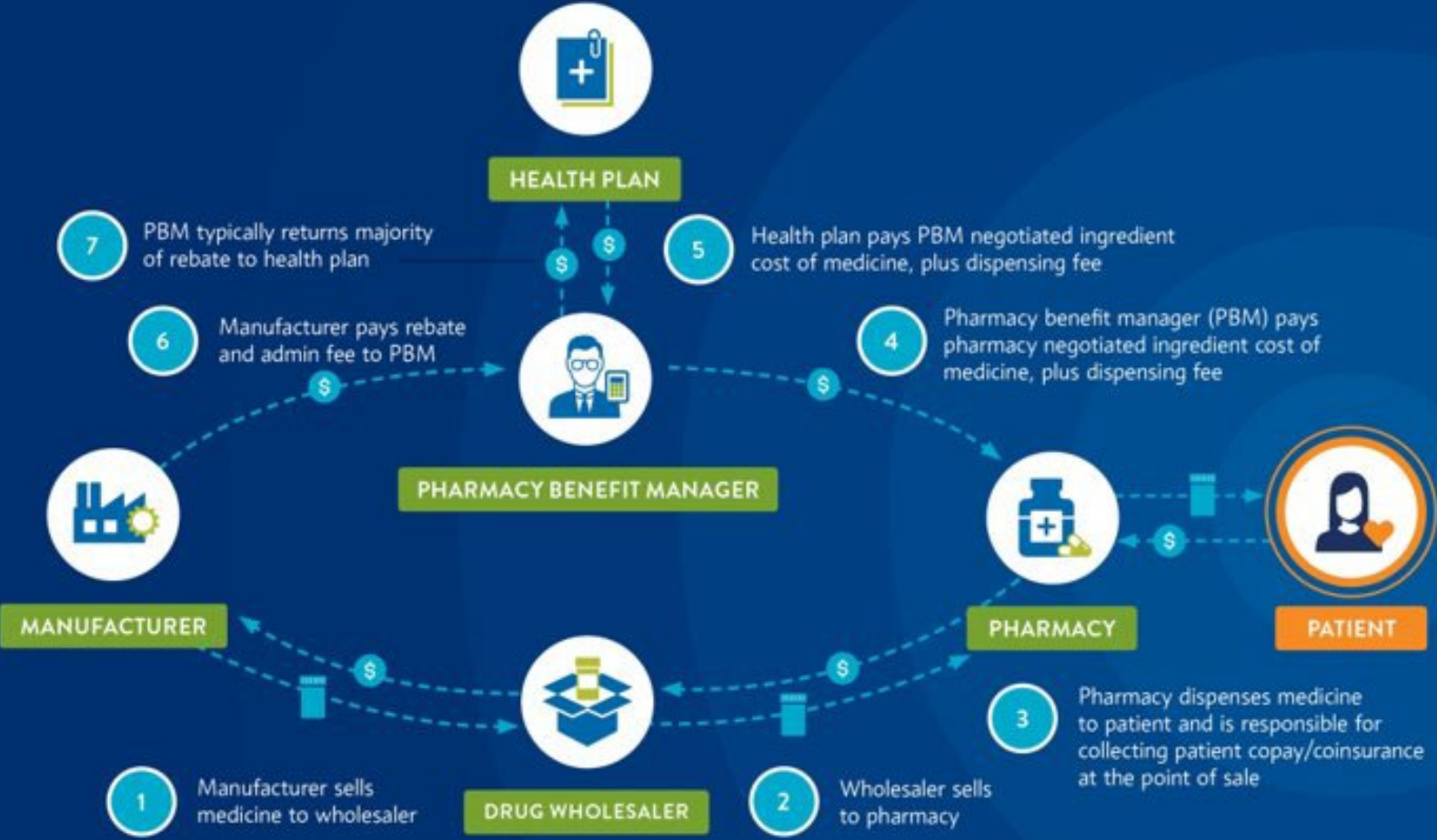


Prescription Medicines Costs in Context

Presented by: Jessica Lynch

March 10, 2026

Distribution and Financial Flow FOR RETAIL BRAND DRUGS



We are in a New Era of Medicine Where Breakthrough Science is Transforming Patient Care

60 new medicines were approved by the FDA in 2021



Cancer Treatments

Cancer mortality rates continue to decline amid 'major progress' in lung cancer early detection and treatment



Game Changer

Newly approved drug being called 'game changer' for people who suffer from hemophilia

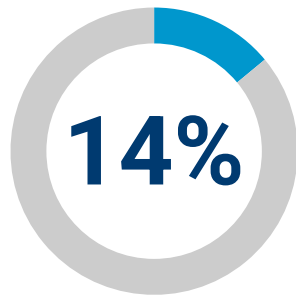


Coronavirus Treatments

FDA authorizes new Covid antibody drug to fight omicron variant

Spending on Medicines Is a Small and Stable Share of total Healthcare Spending

Prescription medicines account for just

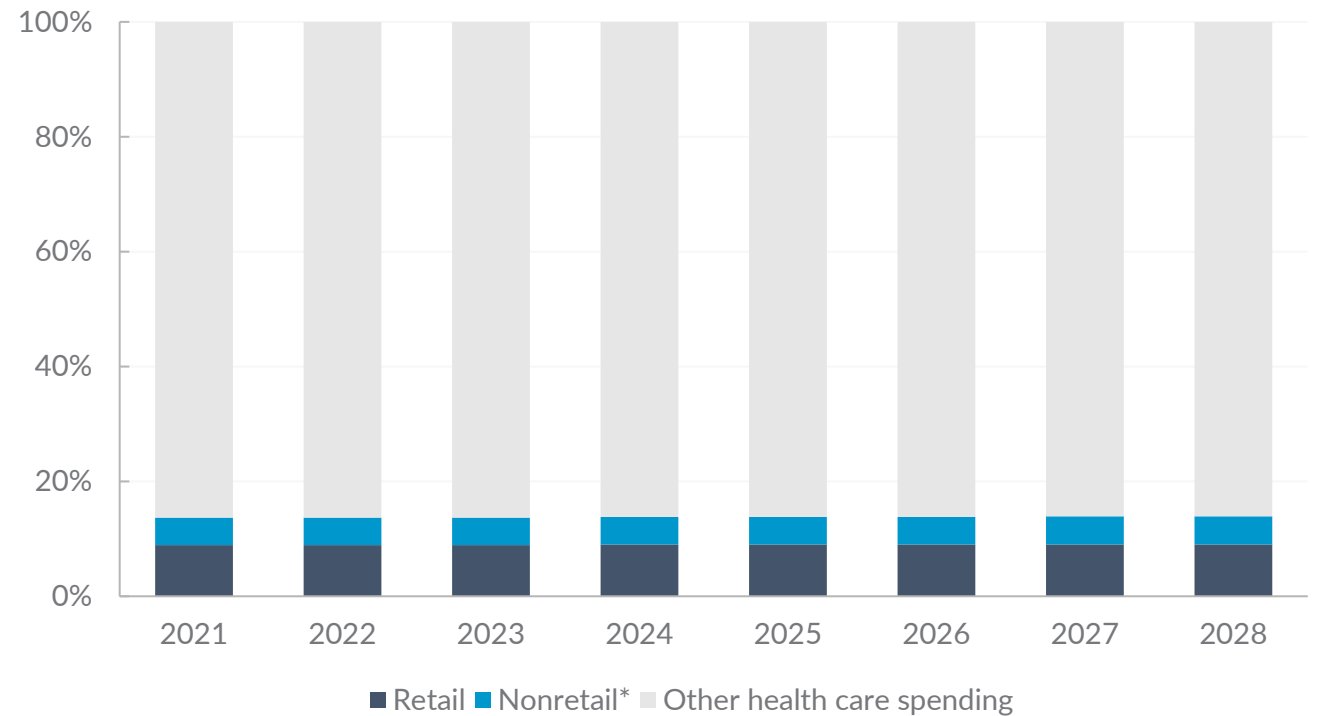


of total health care spending

In 2023, net spending on medicines increased just

2.5%

Projected US Health Care Expenditures Attributable to Retail and Nonretail Prescription Medicines, 2021-2028



Note: Nonretail prescription medicines are those purchased through physicians' offices, clinics and hospitals and are typically administered to the patient by the provider. Retail prescription medicines are those filled at retail pharmacies or through mail service.

IQVIA: Net prices for protected brand medicines grew below inflation for the sixth year in a row

Exhibit 56: Protected brand list price (WAC) growth and estimated net price growth, 2019–2024



Source: IQVIA National Sales Perspectives, Bureau of Labor Statistics: Annual Average Monthly CPI Growth, Dec 2024; IQVIA Institute, Apr 2025.

- Average **net price growth** for protected brand medicines is **projected to be -1 to -4% per year** through 2029.
- Medicine net prices are, on average, **52% lower** than their list price
- Patient **OOP** spending grew, on average, **25%** over the past five years

IQVIA: Patent expirations continue to produce savings for the health care system

- Loss of exclusivity (LOE) reduced net spending by **\$75.3 B** over the past five years
- In the next five years, LOE is projected to save the market **\$90.9 B**

Exhibit 61: Impact of brand losses of exclusivity at estimated net manufacturer prices, 2020–2029, US\$Bn

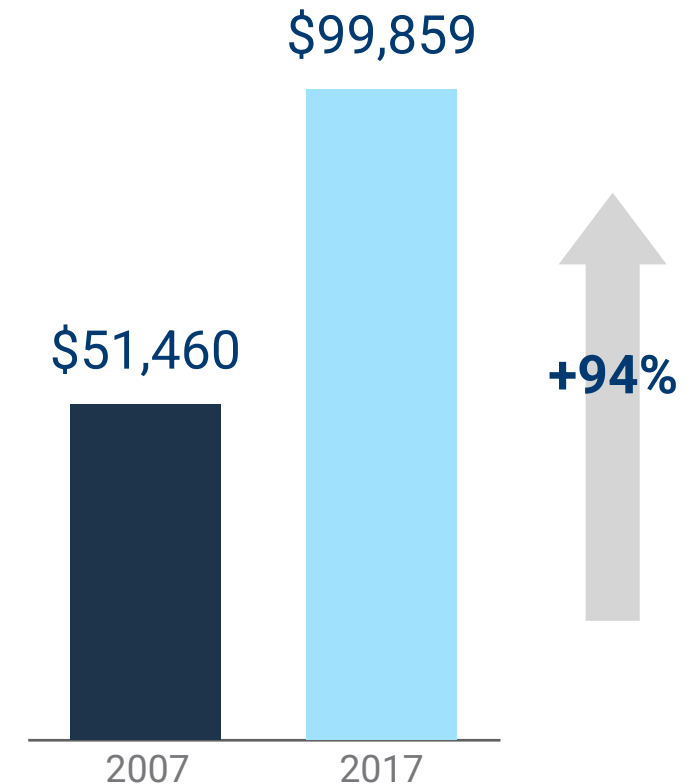
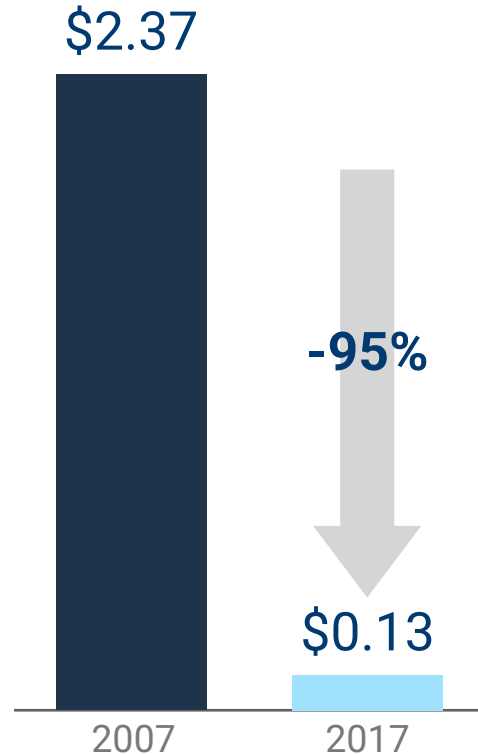


Source: IQVIA Market Prognosis, Mar 2025; IQVIA Institute, Apr 2025.

Unlike Other Aspects of the Health Care System, Medicine Costs Decrease Over Time

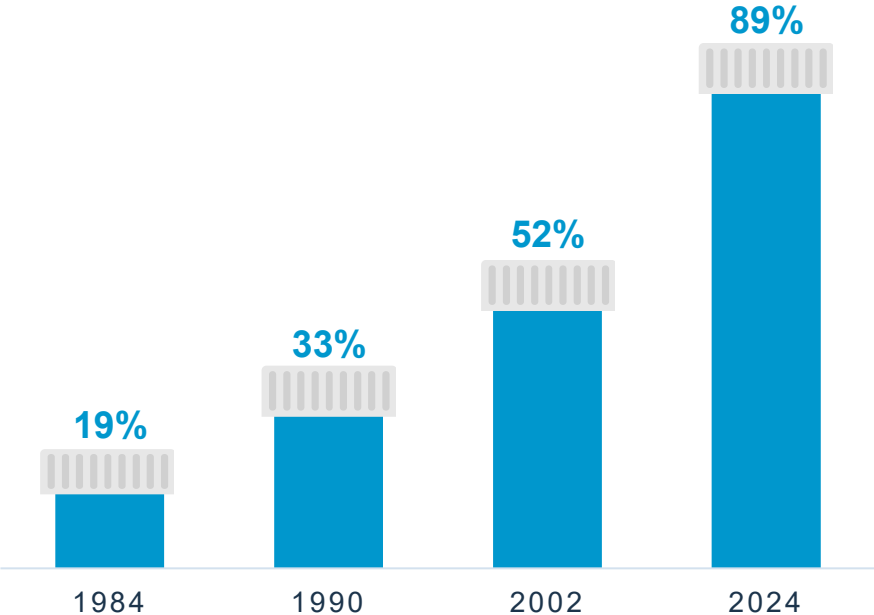
The price of medicines used to prevent cardiovascular disease decreased...

...while the cost of the surgical procedure to treat it increased over a decade.



Generic and Biosimilar Medicines Drive Significant Savings in the Health Care System

9 in 10 of All Drugs Dispensed in the United States are Generics



Nearly
\$3.4 trillion

10-year savings from use of generic and biosimilars (2015 - 2024)

The Influence Pharmacy Benefit Managers (PBMs) Have Over Patient Access and Affordability Continues to Grow

Negotiating power is increasingly concentrated among a small number of PBMs.

Insurers & PBMs determine:

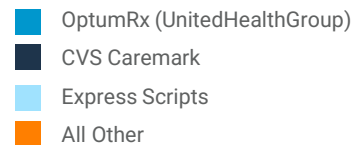
IF MEDICINE IS COVERED
on the formulary

PATIENT OUT-OF-POCKET COST
based on tier placement

ACCESS BARRIERS
like prior authorization or fail first

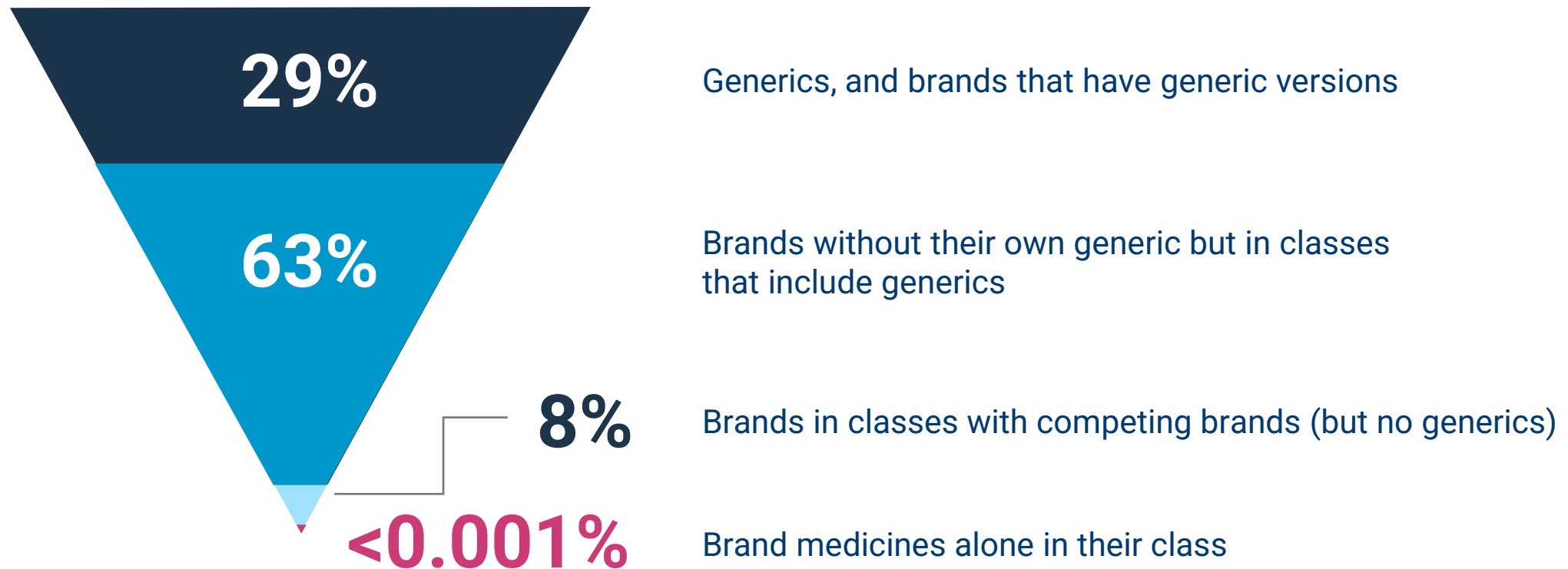
PROVIDER INCENTIVES
through preferred treatment guidelines and pathways

Top 3 PBMs' Market Share:
80%



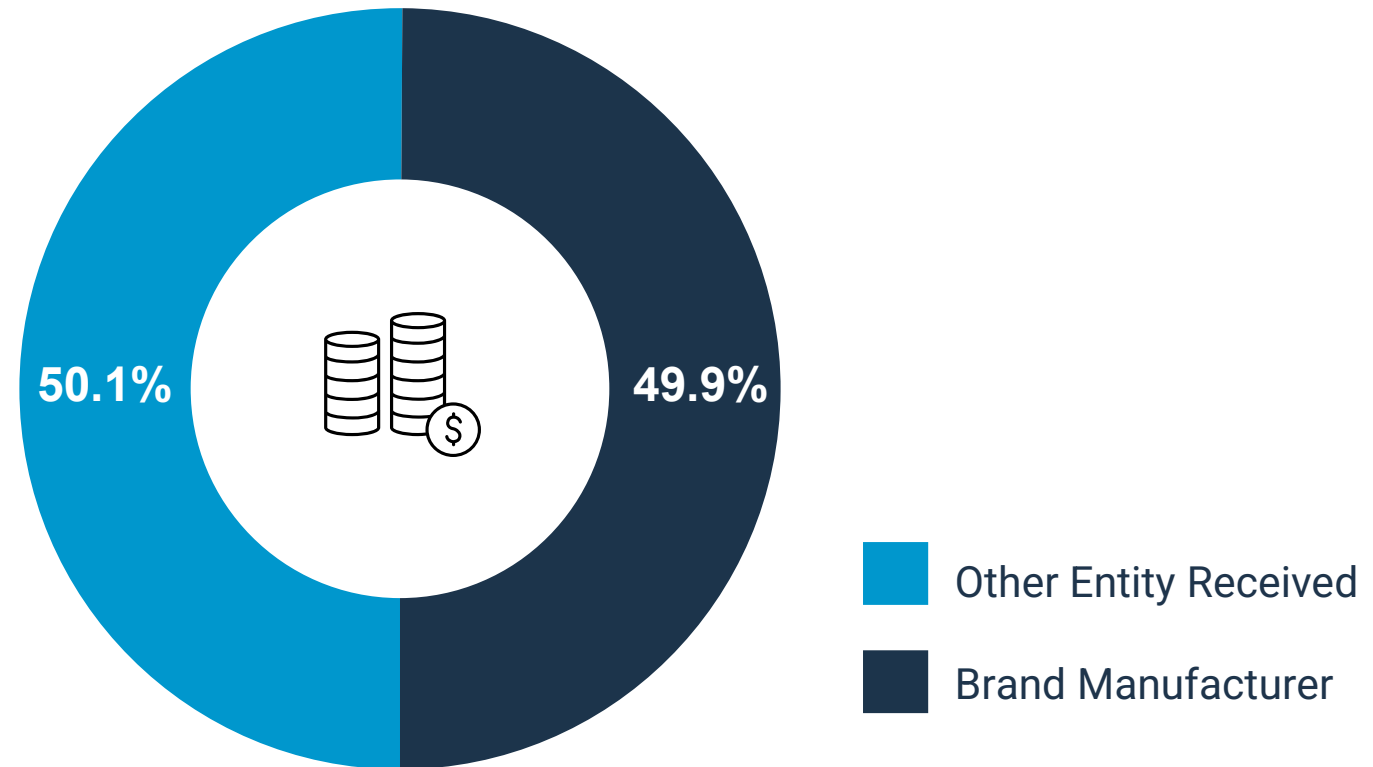
The Majority of Brand Medicines Face Generic and Brand Competition

More than 99% of Part D spending in 2019 was for medicines with competition



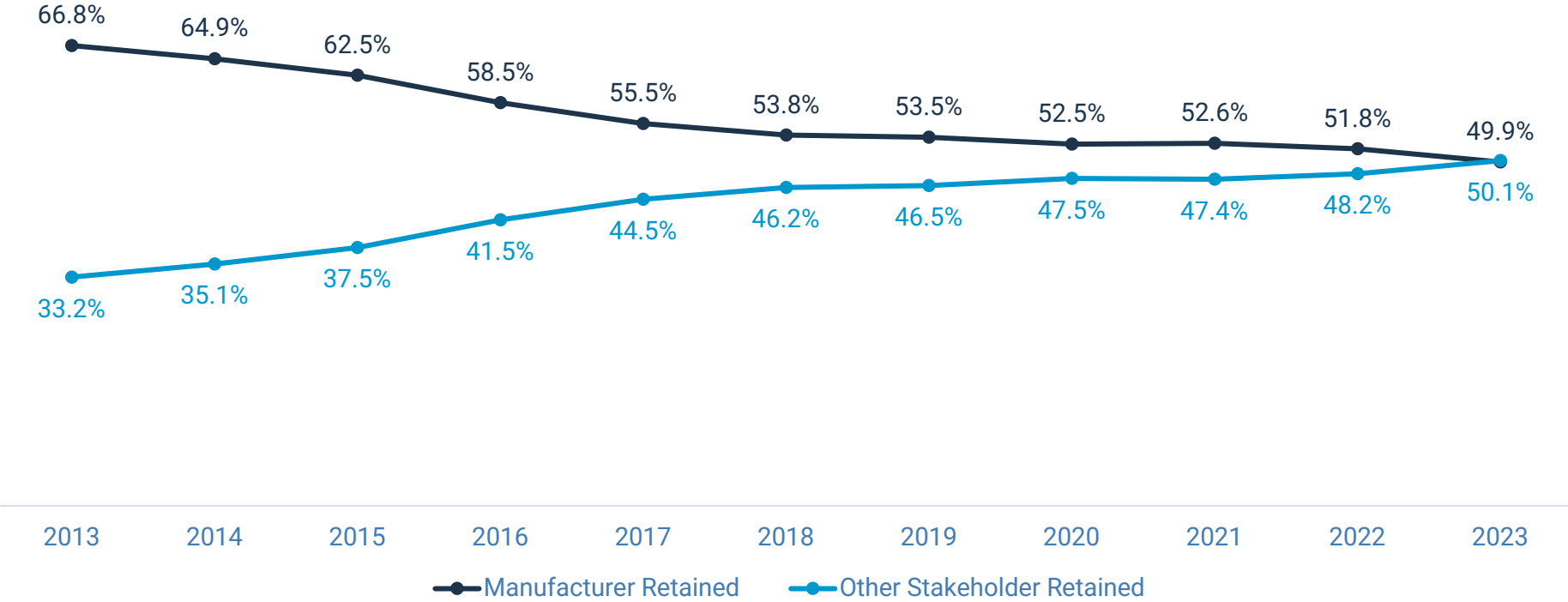
More Than Half of Every Dollar Spent on Brand Medicines Goes to Entities Who Did Not Develop Them

Percent of Total Spending on Brand Medicines Received by Manufacturers and Other Entities, 2023



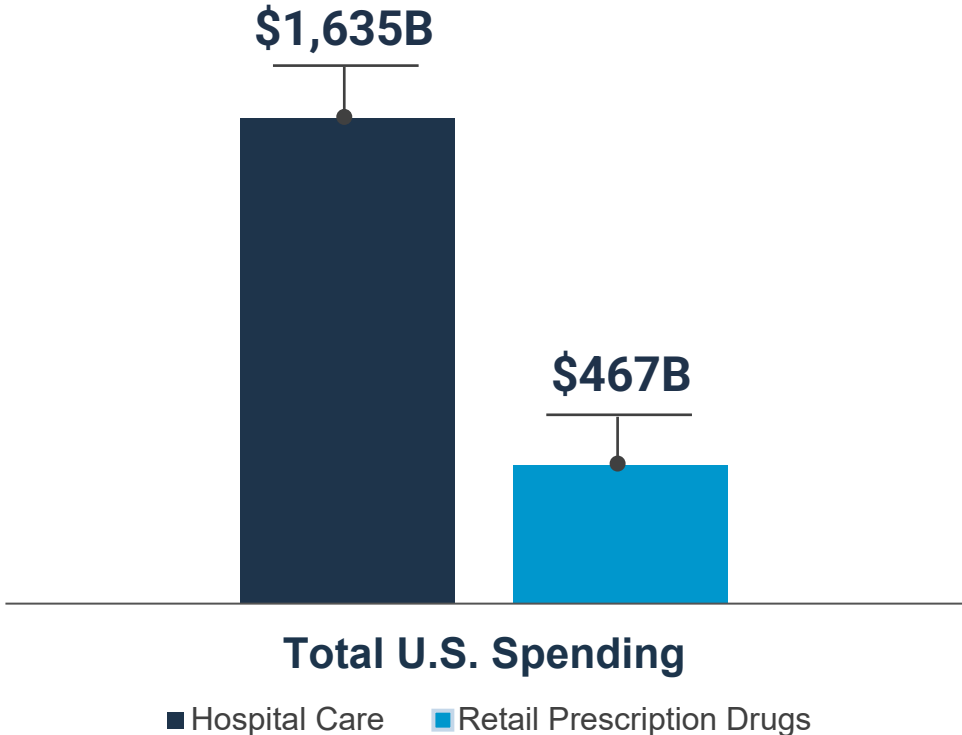
Insurers, PBMs And Others Receive An Increasing Share Of Total Spending On Brand Medicines

Total Brand Medicine Spending Retained, 2013-2023

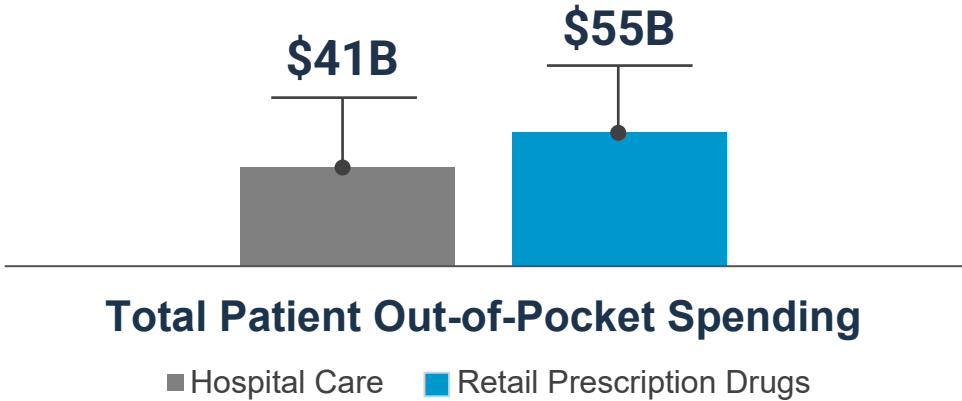


Patients Face Higher Out-of-Pocket Costs at the Pharmacy Counter than Other Parts of the Health Care System

Total hospital spending is much higher than total prescription drug spending



Yet, total patient spending on medicines is more than on hospital care



Hospitals Account for 1/3 of All U.S. Health Care Spending and Contribute to Patient Costs by Marking Up Medicines

Hospitals that mark up the cost of medicines can make more from administering a medicine than the pharmaceutical company that manufactured it

500%

The average amount hospitals mark up the cost of 20 common medicines for patients with commercial insurance

Source: Moran, 2023.



The amount 340B hospitals receive for administering medicines to commercially insured patients is

3x more

than what they paid to acquire the medicines

Source: Milliman, 2019.



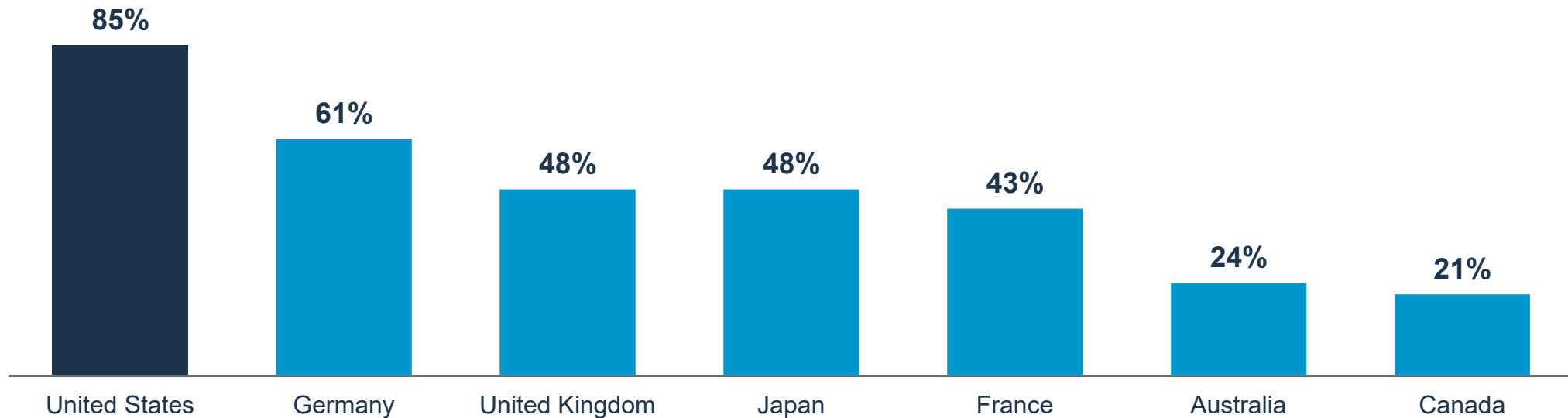
634%

Amount some hospitals mark up the cost of oncology medicines

More Medicines are Available to U.S. Patients as Compared with Other Countries that Set Prices Artificially Low

The 5-year survival rate for all cancers is 42% higher for men and 15% higher for women in the U.S. than in Europe.

Percentage of New Medicines Available by Country, 2012-2021



PhRMA Established America's Medicines To Help Patients Navigate Medicine Affordability

America's Medicines makes it easier for those struggling to afford their medicines to find and learn more about various programs that can make prescription medicines easily accessible.

The biopharmaceutical industry is committed to improving access to medicines for Americans and has launched **AmericasMedicines.com** a search tool for programs that offer:



Lower cost of medicines



Expanded access



Extensive resources



User friendly experience

Feedback on Affordability



Emphasize Patient Affordability



Develop Clear, Specific, and Meaningful Standards to Evaluate Patient Affordability



Consider the Complex and Wide-Ranging Factors Impacting Patient Affordability:

- Consistent Evaluation of Data Sources
- Complexity of the Pharmaceutical Supply Chain
- Limitations on the Use of List Price Information to Evaluate Patient Affordability