

# MYTHBUSTERS

## Big Pharma Fact Check



Once again, the pharmaceutical industry is shifting blame for their outsized prescription drug prices.

Dispelling the myths on big pharma's most recent attempt to pass the buck.

### PHARMA FICTION VS THE FACTS

In 2018 Impact of Prescriptions on Premiums Decreased.

✓ Total prescription drug costs increased by 4.6% in 2018.

The DMHC report concludes that prescription drug expenditures decreased from 2017 to 2018.

✓ Actually, the DMHC report says health plans paid over \$400 million more compared to the previous year for a total of \$9.1 billion spent on prescription drugs

Total health plan premiums increased a small amount between 2017/18 but the amount of premium dollars that went to health plan profits increased hugely.

✓ Did you know?  
▪ 2018 average profit margins:  
▪ Drug manufacturers almost 20%  
▪ Health plans: 3.9%\*  
▪ Health plan profits fluctuate yearly based on various factors such as the cost of medical services, accounting changes, enrollment increases, regulatory changes, among many other possible factors.  
▪ Average health plan profits were only 1.5% in 2017 but were 3.9% in 2018. This statement is misleading due to the lower than average profit margin in 2017.

Health plans spend more toward non-medical expenses than for prescription drugs.

✓ Prescription drugs account for the second largest category of spending for the health plan premium dollar. The adjusted 11.2% for Rx Costs cited by Pharma only accounts for drugs dispensed through retail or mail order pharmacies. It does not capture drugs administered in hospitals, doctors' offices, and paid for through certain providers. When these in-patient drugs are included, actual prescription drug spending by health plans is closer to 20%-25%\* of overall spending.

\*AHIP

Pharma rebates aren't passed onto patients and are often retained by health plans.

✓ Health plans pass on rebate savings to members by lowering premiums. Rebates helped mitigate the overall impact of rising prescription drug prices by reducing the total health plan premium by 1.5 percent in 2018.

Soaring drug prices take a toll on governments, employers, and families. Taxpayers support R&D at the front end and still foot the bill for expensive drugs at the pharmacy counter.

**HIGHER DRUG PRICES INCREASE PREMIUMS FOR EVERYONE.**