

# MYTHBUSTERS

## Big Pharma Fact Check



As the pharmaceutical industry attempts to shift blame for their outsized prescription drug prices – RunawayRx has the Facts.

No matter how you slice it, higher prescription drug prices increase premiums for everyone.

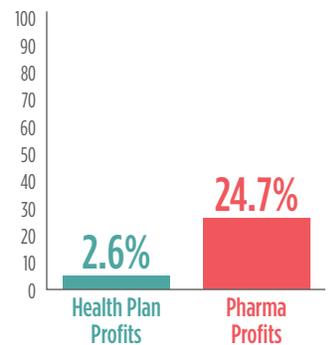
### PHARMA FICTION VS THE FACTS

Health premiums increased primarily due to health plan profits.

✓ **Prescription drug expenses are nearly five times the percentage of health plan profit expenses.** Prescription drugs remain the second largest cost of the health plan premium dollar, next to medical expenses.

**Did you know?**

Big Pharma profits are unlimited. Health plans, on the other hand, are tightly regulated and must comply with extensive transparency requirements for how they set prices and spend taxpayer, employer, and consumer health care dollars. These consumer protections limit health plan profits.



Health Plans are Spending Less Premium Dollars on Rx Now Than in 2017.

✓ Prescription drug spending was NOT lower in 2020. In fact, each year health plans have spent more on prescription drugs — **\$8.6 billion in 2017, \$9 billion in 2018, \$9.6 billion in 2019 and \$10.1 billion in 2020.**

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

✓ **Health plans spend 84.4% of every health plan dollar on medical costs. In fact, prescription drugs are the second largest expense paid by health plan premium dollars.** The adjusted 10.9% 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 medical expenses.**

\*AHIP

Health plan profits are increasing.

✓ Health plan profits decreased in both 2019 and 2020, and in 2020 accounted only for 2.6% of the premium dollar. Pharma profits, on the other hand, regularly clear more than 20% and are a significantly larger percentage than those of tightly regulated health plans.

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

✓ Rebates helped mitigate the overall impact of rising prescription drug prices by reducing the total health plan premium by 1.8% in 2020 – which helps, but comes nowhere near to offsetting the \$10.1 billion in drug costs in 2020.

Big Pharma claims prescription drugs "reduce health care costs."

✓ While prescription medications do "increase positive health outcomes" as Pharma claims, the recent DMHC report makes it clear that drug prices are rising at an alarming rate and have an outsized impact on health plan premium costs and the affordability of health care. Since health plans cover over 90% of costs for the most common and most costly prescription drugs, the increased cost burden is shared among California health plan consumers in the form of higher premiums.

Big Pharma continues to shift blame for outrageous prices of prescription drugs.