

Big Pharma

DEBUNKED

Big Pharma notoriously shrouds the tactics they use to mark up the cost of prescription medications in words and phrases that sound like they're straight out of a medical or business school textbook. These are a few of Big Pharma's favorite phrases, demystified and defined.

GLOSSARY OF TERMS

Biosimilar (bī-ō-sim-eh-ler) A generic of a medication, but regulated differently to make it harder to create competition. *By getting insulin generics classified as biosimilars, the three Big Pharma companies that make name brand-name insulin have a virtual monopoly on insulin — making it next to impossible to develop lower cost generics that would lower the cost of this life saving prescription.*

Co-pay caps (cō-pā caps) An artificial limit placed on the cost of a drug at the pharmacy counter that does nothing to address the price of the drug while allowing drug manufacturers to continue raising prices with no accountability. *Many believe co-pay caps reduce drug costs for medications like insulin, however any savings they provide to patients at the pharmacy counter get passed on in the form of high premiums, allowing Big Pharma to hide its price hikes.*

Co-pay coupons (cō-pā coo-ponz) A lucrative scheme for pharmaceutical companies to sell expensive drugs, contributing to increasing health care premiums and deductibles. *With drug prices continuing to skyrocket, co-pay coupons incentivize patients to use very expensive brand-name drugs instead of an equally effective, less expensive generic alternative, allowing Big Pharma to keep their prices high while patients, employees, and employers pay the cost through increased health care premiums. A classic Big Pharma bait-and-switch tactic.*

Drug rebates (druhḡ rē-bāts) A tactic Big Pharma uses to distract consumers from its own exorbitant and skyrocketing drug prices. *Until drug prices are brought under control, the burden prescription drug prices put on consumers and health plans will stay high – drug rebates merely allow Big Pharma to “hide the ball” and distract from the real problem, the price of the drug itself.*

Evergreening (eh-vr-grēn-ēng) A change to a drug just barely big enough to extend the patent on it. *Despite insulin being a 100-year-old medication, drug companies make slight changes to their insulin, “evergreening” their patents on it and preventing affordable alternatives from coming to market.*

Generic Drugs (juh-neh-ruhḡ druhḡs) A lower cost prescription drug option for patients that Big Pharma works hard to keep out of the market. *According the Department of Managed Health Care, in 2020, generic drugs accounted for approximately 89.1% of prescriptions, but only 18.1% of the total annual spending on prescription drugs.*

Market Dynamics (mahr-kit dī-nam-iks) A typical non-answer Big Pharma provides as a reason for hiking the price of a drug.

When asked by California's Department of Health Care Access and Information for the reason the price of their blood pressure medication increased by 569%, Epic Pharmaceuticals blamed market dynamics.¹

Pay-For-Delay (pā-for-dē-lā) Hush money Big Pharma pays the makers of generic drugs to not market their cheaper alternatives to Big Pharma's patented name brand drug.

Merck was sued in the U.S. District Court of New Jersey for a pay-for-delay scheme that prevented competition for two cholesterol drugs, allowing Merck to keep the drugs' prices high.

Research and Development (R&D) (rē-srch and dē-vel-up-mint) The leading reason given by pharmaceutical companies when they increase the price of a drug.

In 2020 alone, three Big Pharma giants collectively spent more than twice as much on marketing than on R&D.

GlaxoSmithKlein spent \$15 billion on sales and marketing, but just \$7 billion on R&D. Bayer spent \$18 billion on sales and marketing, but only \$8 billion on R&D. And Johnson & Johnson spent \$22 billion on sales and marketing, while spending \$12 billion on R&D.²

Specialty Drugs (speh-shuhl-tē druhs) High-cost prescription medications used to treat complex, chronic conditions that are the largest driver of prescription drug costs for health plans.

According to the Department of Managed Health Care, in 2020, specialty drugs accounted for 60.2% of all drug spending despite only accounting for 1.6% of all prescriptions.

Taxpayer-Funded Drug (tacks-pā-uhr fuhn-did druhs) Prescription medications developed by Big Pharma companies with the assistance of public subsidies, with investments in medical research totaling \$230 billion from 2010-2019, even though, in 2020 alone, the ten largest pharmaceutical companies spent \$36 billion more on marketing than R&D.

Nearly every new prescription drug developed over the past decade has been a taxpayer-funded drug, but Big Pharma isn't passing any savings back to consumers.

¹ <https://data.chhs.ca.gov/dataset/prescription-drug-wholesale-acquisition-cost-wac-increases/resource/34c373bb-cf9a-463e-93bf-6ae4ff3afad8> (row 480)

² <https://www.csrpx.org/icymi-new-study-finds-big-pharma-spent-more-on-sales-and-marketing-than-rd-during-pandemic/>

Understanding the meanings and impacts of the terms and phrases used by Big Pharma is important as we work to rein in their drug pricing antics. To stay up to date with the latest in prescription drug pricing, connect with us on social @RunawayRx.

