

ROBUST COMPETITION IN THE U.S. MARKET BALANCES AFFORDABILITY & INNOVATION

April 2021

Brand medicines face competition from generic drugs, biosimilars, and other brand medicines. Most new medicines already have at least one brand competitor on the market at the time of market entry, or will have one shortly after. Payers leverage brand-to-brand competition to drive down medicine prices and produce savings without undermining incentives that drive innovation.

LEGEND

-  FIRST IN CLASS
-  NEW ENTRY
-  PRICE CHANGE



Migraine (CGRP inhibitors)

First treatments developed specifically to prevent migraines



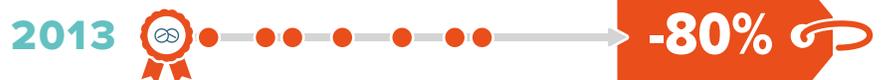
High Cholesterol (PCSK9 inhibitors)

"A game changer in cholesterol management"



Hepatitis C Virus (DAAs)

Cure rate of over 95%

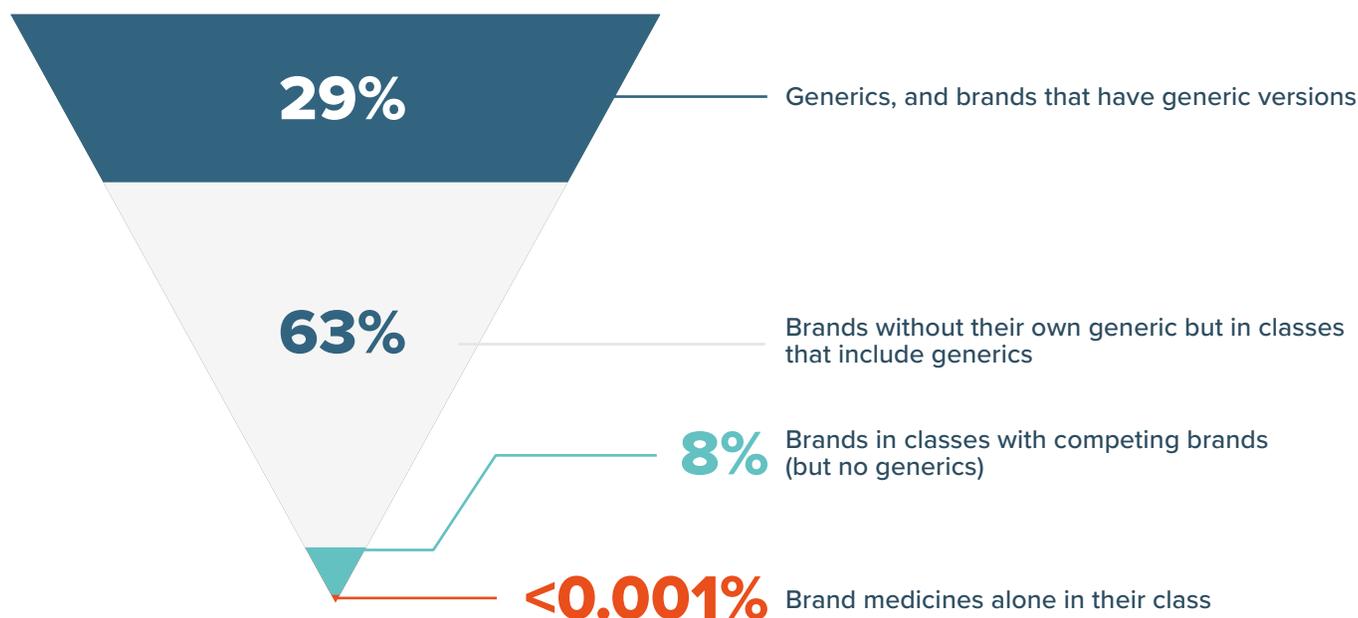


REFERENCES

Source: PhRMA analysis of SSR Health, US Brand Rx Net Price Tool - Q4 2020.

Percent change indicates difference between list price (WAC) at launch of first medicine in class and average sales-weighted net price in class through Q4 2020.

Part D Medicine Spending by Type of Competition, 2019¹



Class analysis is based on USP classification system. Part D plans are generally required to cover two medicines per USP class, and CMS uses USP to review Part D plan formularies to ensure plans meet formulary standards.

The Innovation Lifecycle At Work: Multiple Types of Competition Hold Down Medicine Costs Even While New Treatments Reach Patients

Brand-to-brand competition

As Dr. Thomas Lee, Harvard Professor and former President of Partners Healthcare System in Massachusetts, explains, "When a second product comes along in the same class, its manufacturers must offer better value. That means that the product must lead to better patient outcomes, or it must be less expensive."²

Generic and biosimilar competition

Loss of exclusivity lowered net spending on brand medicines by \$70 billion over the past five years, completely offsetting the \$68 billion spent on newly launched brand medicines over the same period.

Competition balances innovation and cost containment

Between 2009 and 2018, patients benefited from hundreds of new medicines, but after adjusting for inflation, total spending per patient on medicines grew by just \$44 (\$1,000 to \$1,044).³

REFERENCES

¹ Avalere Health. "Majority of Part D Spending Is on Brand Drugs in Classes with Generics." March 31, 2021. <https://avalere.com/insights/majority-of-part-d-spending-is-on-brand-drugs-in-classes-with-generics>

² Lee T. New England Journal of Medicine. 2004; 350:211-212.

³ IQVIA Institute. "Medicine Spending and Affordability in the United States: Understanding Patients' Costs for Medicines." August 2020.