Lessons Learned from Europe:
Price Setting Policies Erode Biopharmaceutical Leadership

Before adopting price setting policies, Europe led the world in biopharmaceutical innovation.

Until the 1970's the majority of innovative medicines were developed in Europe.

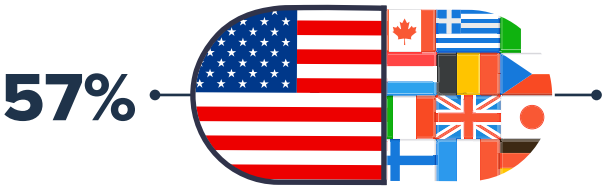
As European governments adopted stringent price setting measures, output fell and this leadership slipped away.

After adopting these measures, Europe trails the United States in R&D investment by more than 40%.*

Now biopharmaceutical innovation in the United States delivers more new medicines than the rest of the world combined.

America leads the world in medical innovation because of the unique research ecosystem. The coronavirus only highlights how important it is to have American companies and scientists finding new treatments and cures to protect our citizens.

American innovation is responsible for 57% of all new medicines that treat patients around the world **



International reference pricing would threaten American leadership in biopharmaceutical innovation.

International reference pricing is a form of government price setting in which U.S. bureaucrats would determine the value of our medicines based on how foreign governments and politicians value these treatments and cures.

If the United States adopted European-style price setting policies, it would have resulted in an estimated **117 fewer new medicine compounds** being developed between 1986 and 2004.***

We need U.S. innovation in new treatments and vaccines.
Tell policymakers to protect American biopharmaceutical innovation.

*Günter Verheugen, Vice-President of the European Commission for Enterprise and Industry. 2005. "Biotechnology's contribution to an innovative and competitive Europe." Lyon. April 14, 2005.
**The Milken Institute (http://assets1c.milkeninstitute.org/assets/Publication/ResearchReport/PDF/CASMIFullReport.pdf)
***Financial Effects of Pharmaceutical Price Regulation on R&D Spending by EU versus US Firms, Pharmacoeconomics (http://pubmed.ncbi.nlm.nih.gov/20617857/)

Learn more at PhRMA.org

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INFLATION REDUCTION ACT ALREADY IMPACTING R&D

Even before the Inflation Reduction Act passed and was signed into law, many predicted it would have an impact on medical innovation. A recent survey of PhRMA member companies found many are already taking the law into account when making R&D decisions. Here are some of the key findings from survey respondents:

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of companies surveyed said the law creates significant uncertainty for R&D planning

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and that they are already reconsidering their R&D investment strategy

For those companies that answered the following questions:

78% said early-stage pipeline projects are likely to be canceled

2/3 said pipeline projects for new medicines that are planned but not yet in clinical development will likely no longer be pursued

63% said they expect to shift R&D investment focus away from small molecule medicines

57% said they expect to reduce spending on new scientific platforms that may take many years to develop

82% or more of companies with pipeline projects in cardiovascular, mental health, neurology, infectious disease, cancer or rare diseases expect "substantial impacts" on R&D decisions in these areas.

Learn more at PhRMA.org/Inflation-Reduction-Act

Source: Survey commissioned by PhRMA and conducted in November-December 2022 with 25 of 33 PhRMA member company responses.

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The United States vs. Other Countries:

Availability of Cancer Medicines Varies

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The proposed International Pricing Index Model would set U.S. prices for medicines covered under Medicare Part B based on the pricing policies of 14 foreign governments – many of which set prices artificially low, resulting in severe access restrictions for patients.

	New Cancer Medicines Available	Average Delay in Availability of Cancer Medicines
Greece	16%	41 months
Ireland	53%	23 months
Belgium	55%	25 months
Czech Republic	55%	24 months
Italy	58%	21 months
Japan	58%	23 months
Canada	59%	14 months
Finland	61%	14 months
Netherlands	63%	9 months
Denmark	64%	11 months
France	67%	16 months
Austria	68%	11 months
United Kingdom	70%	12 months
Germany	73%	11 months
United States	96%	0-2 months

Source: PhRMA analysis of IQVIA Analytics Link and FDA, EMA and PMDA data. June 2020. Note: New Active Substances (NASs) approved by the FDA, EMA and/or PMDA and first launched in any country between January 2011 and December 2019. Average delay represents the time in months since global first launch among NASs that have launched in a given country. IQVIA reports only the retail channel for Greece.

Updated July 2020