



The Corrosive Impact of Money in Politics: Spiraling Cost of Prescription Drugs

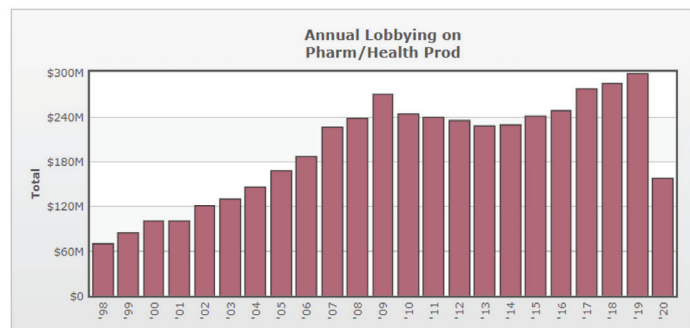
Background: Americans spend double to triple what Canada and some European countries do on pharmaceuticals. A Kaiser Family Foundation poll found that one in four Americans have a difficult time affording their prescription drugs, and one in five Americans have not filled a prescription because of high prices.

Pharmaceutical Industry Political Spending

- Pharmaceutical lobbyists effectively prevent the government from negotiating drug prices, a big factor why the U.S. spends \$1 trillion more than needed for quality care.
- Lobbyists spent heavily against reforms to end surprise medical billing and against plans requiring hospitals to make their prices public.
- A study published in the Journal of the American Medical Association analyzed publicly available data on campaign contributions and lobbying in the US from 1999 to 2018, and found that the pharmaceutical and health product industry spent \$4.7 billion, an average of \$233 million per year, on lobbying the US federal government; \$414 million on contributions to presidential and congressional electoral candidates, national party committees, and outside spending groups; and \$877 million on contributions to state candidates and committees.
- Common sense restrictions on opioid sales have been blocked by lobbyists.
- In 2019, the top ten drug companies in the world took in nearly \$400 billion in revenue, and the CEOs of the top 15 companies were paid \$266 million in salary and bonuses.
- During the 2019 -2020 election cycle, members of the health industry gave \$288 million to federal candidates, outside money groups and parties, of which \$166 million went directly to members of Congress. \$26 million originated from the pharmaceutical industry. In addition, the health sector holds the title as the top lobbying force in Washington. In 2019, annual lobbying by these companies reached a record \$603 million, with \$313 million spent by pharmaceutical companies.

Between January 2018 and June 2020, drug companies raised prices of more than 600 single-source brand name drugs by a median of 21.4 percent. Meanwhile, out-of-pocket drug costs for Medicare beneficiaries doubled from 2011 to 2015. And the annual cost of prescription drugs in Virginia is estimated to have increased by 57.8 percent between 2012 and 2017, dramatically outpacing the 8.5 percent growth in Virginians' incomes over the same period. In 2016, 26 percent of Virginians stopped taking a prescription drug as prescribed due to cost.

Pharmaceuticals / Health Products: Lobbying, 2020



- In Virginia, since 1976, health care interests have contributed more than \$100 million to legislators, including over \$9 million from the pharmaceutical companies.
- Influence by U.S. pharmaceutical companies has led to drugs priced at whatever the market will bear. Patent laws and FDA provisions hand manufacturers near-monopolies that can last decades. Medicare, the nation's largest purchaser of pharmaceuticals, is required to cover all prescription drugs for six major conditions (including cancer), regardless of price.
- One congressional report from 2018 estimated that if Medicare were allowed to negotiate drug prices, the program and its beneficiaries could save \$2.8 billion per year.

How This Affects You:

- Most of the world's insulin belongs to three major companies. Under pressure from shareholders to deliver ever-higher returns, these three have raised insulin prices about tenfold in the past 20 years. Humalog (Eli Lilly), one of the cheapest and most popular brands, went from \$21 per vial in 1996 to \$275 in 2017; other commonly prescribed insulins cost more than \$400 a vial. (A vial can last no more than 28 days.) About one in four patients say that with these high prices, prescriptions go unfilled and doses are skipped to save money.
- **In Virginia**, the Virginia Department of Health estimated in 2017 that 631,194 or 9% of Virginians have Type 1 or Type 2 diabetes. Gov. Northam signed a bill in 2020 to cap the costs of prescription insulin copays at \$50 per month, one of the lowest caps in the country. Unfortunately, only people whose health plans are regulated by the state, including plans on the health exchanges, would be impacted by this legislation. Self-funded plans, which represent 61% of covered workers nationwide, are regulated by the federal government, and thus not covered by Virginia's cap.
- A 2018 US Senate report looked at the 20 most-prescribed brand-name drugs for seniors. Between 2012 and 2017, the annual number of prescriptions for those 20 drugs declined by 48 million for all Americans, and yet, annual sales revenue to pharmaceutical companies from these drugs increased by almost \$8.5 billion. Across those five years, their prices increased 12% per year, every year.
- ✓ **Opioid addiction** is an example of lobbying's capacity to thwart common sense, citizen-led advocacy for tighter restrictions on the sale of painkillers. By 2017, 1.7 million Americans were addicted to opioids, and more than 130 died of overdoses every day in 2019. The economic burden of the opioid crisis is estimated at \$78.5 billion per year. In Virginia, opioid overdose deaths in Virginia totaled 1,617 in 2018, an increase of almost 9%. From 2007-2017, health officials reported more than 7,250 fatal opioid overdoses. That's essentially two deaths per day in Virginia. From the late 1990s to 2017, more than \$740 million from pharmaceutical companies was spent to block federal and state initiatives to regulate opioid sales.

Personal Story:

ALONE IN HIS VAN, MY BROTHER DIED OF AN OPIATE OVERDOSE. YEARS OF PAIN MEDICATION TAKING THE ULTIMATE DEADLY TOLL. I knew my older brother was addicted to opiates. A back injury and some dental problems made him the ideal candidate to be prescribed long-term use of opiates to treat his pain. Those prescriptions did not come with the warning from the manufacturer that long term use causes DEATH. He attempted professional drug addiction rehabilitation on numerous occasions without success. After he died his wife told me she could take him to see a dentist in Alexandria, VA, who would leave prescriptions to be picked up from the front desk attendant. No appointment necessary!! It will be 10 years since he passed in September. I wonder if the dentist ever thinks about him. I sure do.

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