



NEW REPORT

Pharma's Greed and the Battle to Lower Drug Prices

November 2021

PROTECT
OUR CARE

THE CAMPAIGN TO
Reduce Drug Prices

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Report: Pharma's Greed and the Battle to Lower Drug Prices

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Introduction

In the coming days, Congress will pass the Build Back Better Act, historic legislation that will drive down health care costs and level the playing field for working families. A core piece of this legislation is lowering prescription drug prices. As it stands, Americans pay three times more for prescription drugs than people in other countries, forcing millions to choose between affording their medications and paying for essentials like food or rent. Under Build Back Better, Medicare will finally have the power to negotiate for lower drug prices and all Americans will be protected against outrageous and arbitrary price increases.

However, Big Pharma is not going down without a fight. Big drug companies are spending millions on lobbying and advertisements to block any reform that brings down drug prices at the expense of their sky-high profits. With the help of their Republican allies, drug companies have been relentless in their efforts to spread lies about the Democrats' plan to lower drug prices for families. Fortunately, the American people remain unswayed, with poll after poll showing that policies to reduce drug costs are the most popular provisions in the entire Build Back Better Act. With the support of voters of all parties, President Biden and Democrats in Congress are committed to reining in Big Pharma's greed and delivering real relief to millions of families.

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Pharma and Their Front Groups Continue Campaign of Big Lies Against Lower Drug Prices

Democrats in Congress reached a historic agreement to lower prescription drug prices for all Americans through the Build Back Better Act.

For 20 years, drug companies have benefited from a law that bans Medicare from negotiating lower prices for patients. As a result, Americans pay three times more for the same drugs as people do in other countries. Build Back Better will give Medicare the power to negotiate lower prices once and for all, and it will cap seniors' out-of-pocket drug costs, stop excessive price increases for existing medications, and limit insulin copays to \$35 per month for diabetics.

Even as Congress has landed on a deal, Big Pharma has continued to deploy its vast warchest - and a series of well-funded front groups - to mislead, distort and outright threaten patients in their effort to hold on to their staggering prices and profits.

Almost all of them are channeled through groups with patient-friendly names that have one thing in common: drug industry money or connections.

This updated report details how the many major ad campaigns currently running against prescription drug price reform are actually backed by pharmaceutical industry funds. The ads are paid for by the same people who profit by keeping the prices artificially high and protecting their monopoly while millions of American families cannot afford life saving medicines.

REVEALED: PHARMA'S CAMPAIGN TO STOP LOWER DRUG PRICES

Pharmaceutical Research and Manufacturers of America (PhRMA)

PhRMA Is Spending Millions Misleading The American People. In September, PhRMA launched a [7-figure ad buy](#) against drug price negotiation proposals moving through Congress. PhRMA is out with two [new advertising campaigns](#) intended to make Americans fear Medicare drug price negotiation by [claiming](#) politicians will decide what drugs patients can get. The ad, featuring Sue — a Type 1 diabetic, made such outrageous claims about restricting patients access to needed medications, the Washington Post gave it a '[Three Pinachios](#)' rating and said the ad was PhRMA's attempt to claim "there are provisions in the legislation that do not exist." In 2021, a CBO working paper estimated that if Medicare was empowered to negotiate drug prices, they would "fall between [57 percent and 75 percent](#), relative to current prices." [Factcheck.org](#) agrees that Medicare negotiation would not prevent beneficiaries from accessing medications and PhRMA's ads are an "inaccurate portrayal of recent legislation."

PhRMA Cannot Be Trusted With Drug Pricing Reform. PhRMA represents the nation's leading [biopharmaceutical](#) companies. Americans see through the fear tactics used by pharma industry trade groups, with [75 percent](#) of Americans reporting they do not trust the industry to fairly price prescription drugs.

PhRMA Spent More Than \$20 Million On Lobbying In 2021 So Far. According to OpenSecrets, PhRMA has spent [\\$22.9 million](#) on lobbying in 2021 so far. PhRMA is on track to break their 2019 lobbying spending record of \$29.3 million this year. According to research by Patients For Affordable Drugs Now, PhRMA and its front groups have spent at least [\\$26.5 million](#) on television and digital ads against Medicare drug price negotiation between July and November of this year.

American Action Network (AAN)

American Action Network Is Funneling Millions Into Misinformation Campaigns. AAN is currently running a [\\$5 million](#) advertising campaign, claiming the recent budget resolution is “a socialist prescription drug plan that would limit patients’ access to lifesaving medications.” In reality, the resolution would allow Medicare to negotiate fair prescription drug prices, something [88 percent](#) of Americans strongly support. In 2019, AAN received \$4.5 million from PhRMA, the largest contribution made by the trade group that year.

American Action Network Has Received Millions From A Pharmaceutical Trade Group.

AAN has a long history of accepting funds from the pharmaceutical industry. A year after the group’s formation, AAN took [\\$4.5 million](#) from PhRMA. This trend has continued, with AAN receiving [nearly \\$15 million](#) from PhRMA between 2016 and 2019.

Medicare Today

Medicare Today Is Not Telling The Whole Story. Medicare Today launched an [advertising campaign](#), claiming that [92 percent](#) of seniors are “satisfied” with Medicare. What Medicare Today failed to mention is while seniors support the program, they are also strongly in favor of improving Medicare and lowering drug costs. The [majority of seniors](#) support allowing the government to negotiate prescription drug prices (82 percent), placing a limit on out-of-pocket drug costs (68 percent), and lowering the amount Medicare pays for drugs based on amounts in other countries (60 percent).

Medicare Today Was Launched By Big Pharma Executives. Medicare Today was launched in 2004 by the [Healthcare Leadership Council](#), a coalition of health care executives, which includes the pharmaceutical industry. Healthcare Leadership Council includes the drugmakers: Amgen, Biogen, Bristol-Myers Squibb, Johnson & Johnson, Merck, and Pfizer.

Partnership to Fight Chronic Disease

Partnership To Fight Chronic Disease Is Using Big Pharma’s Tired Scare Tactics. The Partnership To Fight Chronic Disease is running a [new advertising campaign](#) claiming drug price negotiation will stifle innovation and reduce patient access to lifesaving drugs. The CBO analyzed the impact of a decrease in pharmaceutical revenue by as much as \$1 trillion and found that it would only have a [modest](#) impact on drugs coming to market (impacting

approximately eight of the 300 new drugs expected in the next decade). Only [10 percent](#) of drugs that have entered the market over the last 50 years have represented therapeutic advances, with [drugmakers making deliberate choices not to invest in research](#) and development, and instead focusing resources on obtaining patents on old drugs, in order to “extend patent protection, prolong monopoly pricing periods, and keep generic competitors off the market.”

Partnership To Fight Chronic Disease Is Funded By Big Pharma. It is no wonder why the Partnership To Fight Chronic Disease is working so hard to protect the bottom line of drugmakers — they are an [affiliate](#) of Pharmaceutical Research & Manufacturers of America, which [represents biopharmaceutical corporations](#). Over the past 10 years, the Partnership To Fight Chronic Disease has listed PhRMA officials as key employees on tax forms and despite running [multi-million ad campaigns](#), the organization has not reported fundraising costs since its founding in 2007.

Pharmaceutical Industry Labor-Management Association (PILMA)

PILMA Is Making False Claims That Medicare Price Negotiation Will Damage Innovation. PILMA is running an [advertising campaign](#) claiming that Medicare price negotiations would harm innovation and make it harder for patients to access their medications. This is simply not true and fails to recognize that under our current system, [nearly one in three](#) Americans report not taking a medication as prescribed due to cost. A 2017 [report](#) from the National Academies of Medicine found, “drugs that are not affordable are of little value.”

PILMA Cannot Be Trusted With Drug Pricing Reform. PILMA is a coalition of [biopharmaceutical](#) companies and labor unions. Americans recognize that Big Pharma is putting profits over people, with [80 percent](#) of Americans reporting the pharmaceutical industry’s profits as a “major factor” for the high cost of prescription drugs.

60 Plus Association

60 Plus Association Is Fighting Medicare Price Negotiation. The CBO found Medicare drug negotiation would save patients more than [\\$150 billion](#) at the pharmacy counter, yet 60 Plus Association is running an [advertising campaign](#), attempting to sell Medicare negotiation as a ‘scam’. In reality, it is 60 Plus that has been deceiving the public. In 2016, the Koch Brother affiliated organization was [fined by the Federal Election Commission](#) after violating federal rules requiring they identify the source of funds earmarked for political expenditures. 60 Plus, along with two other Koch affiliated groups, consented to pay a total of more than \$200,000. The [New York Times](#) referred to the investigation as “a look...into the interlocking networks of political nonprofits on the right, through which vast sums of money flow each election cycle with little disclosure.”

In September 2021, 60 Plus released [another ad campaign](#) referring to the \$500 billion saved by the government from drug price negotiation as “cuts to Medicare.” KHN and Politifact agree

that this is [misleading](#) since the \$500 billion would not be “swiped” by Democratic leaders, but would be used for reinvestment in Medicare hearing expansion.

60 Plus Association Has Received Millions From The Drug Industry. It is clear who has been holding the reins at 60 Plus. In 2002, 91 percent of its \$12 million revenue came from a single donor, which Public Citizen presumes to be [PhRMA](#). 60 Plus has also received money from [drugmakers](#) like Pfizer, Merck, and Wyeth-Ayerst.

One Nation

One Nation Is Burying the Lede. One Nation is running a [new advertising campaign](#) claiming “good health care is hard enough to get” and that Medicare drug price negotiation would restrict access to lifesaving drugs. What One Nation fails to mention is one of the leading limitations to health care access is the soaring cost of prescription drugs. [29 percent](#) of Americans taking prescription drugs have reported not filling, halving, or skipping a needed prescription due to cost in the past year.

A Big Pharma Lobbyist Sits On One Nation’s Board. One Nation added [Ken Cole](#), former lobbyist for Pfizer and Chamber of Commerce board member, to their board in 2019. [Pfizer](#) and the [Chamber of Commerce](#) have spent a collective \$1 billion on lobbying over the last decade, including on efforts to kill legislation aimed at lowering the cost of prescription drug prices.

National Association Of Manufacturers

National Association Of Manufacturers Falsely Link Price Setting With Decreases In Innovation. The National Association of Manufacturers released an [ad campaign](#) in early October falsely linking Medicare price negotiation with decreases in innovation for “life-saving cures and vaccines.” The [Harvard Business Review](#) found that even though Medicare negotiation would lead to 2 fewer drugs in the next decade and 23 fewer in the following decade, price setting would not lead to decreased innovation as many of these drugs would be modified versions of already existing drugs.

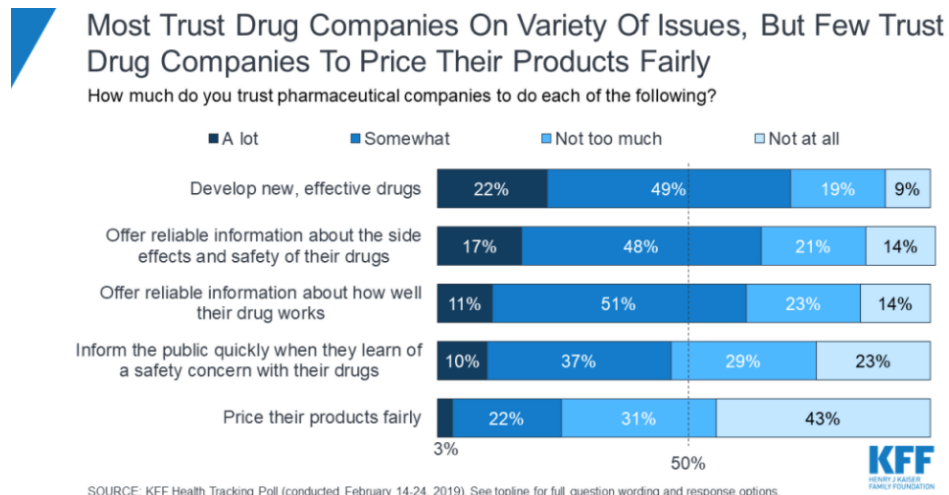
PhRMA Is A Member of NAM. NAM member organizations represent a plethora of [different industries](#) like textile manufacturers, paper products, and the meat industry. PhRMA is a member of NAM and has been able to successfully air ads attacking Medicare negotiation under the NAM branding.

Americans Don’t Trust Big Pharma To Play Fair

Central to the Build Back Better Act is giving Medicare the power to negotiate for lower drug prices. Big Pharma has spent more than \$250 million to try to stop it, but the American people remain unswayed. Polling clearly shows the American people do not trust the pharmaceutical

industry. After years of putting profits over people and pushing life saving medications out of reach, Americans have had enough.

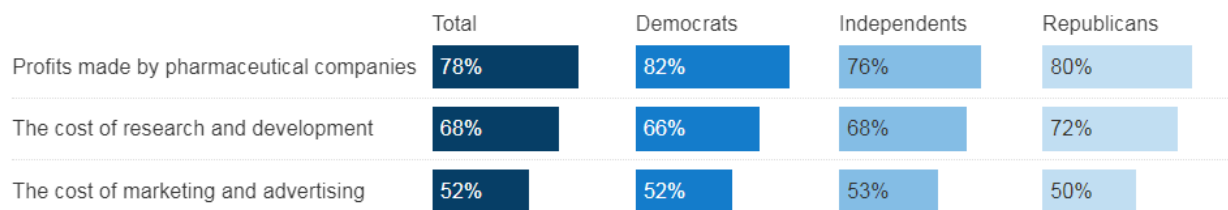
Americans Do Not Trust Drug Makers To Set Fair Prices. With skyrocketing price increases year after year, [three in four](#) Americans do not trust drug companies to price their products fairly.



Americans Believe Big Pharma Puts Profits Over People. The vast majority of Americans, from across the political spectrum, believe the high cost of prescription drugs is caused by Big Pharma's greed. [78 percent](#) report pharmaceutical company's profits are a major factor contributing to the soaring cost of medications.

Similar Shares Across Parties Say Pharma Profits And The Cost of R&D Are Major Contributing Factors To Prescription Drug Costs

Percent who say the following is a major factor contributing to the price of prescription drugs:



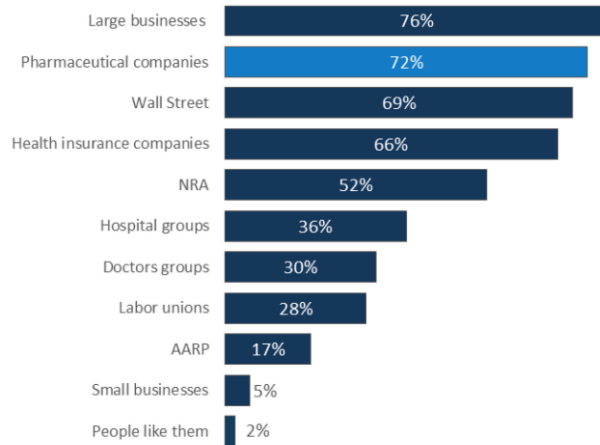
NOTE: See topline for full question wording.
 SOURCE: KFF Health Tracking Poll (May 18-25, 2021). • [Download image](#)



Americans Believe Pharmaceutical Companies Have Too Much Influence. [72 percent](#) of Americans say the pharmaceutical industry has too much influence over the federal government. In 2021 alone, Big Pharma has spent [nearly \\$263 million](#) on lobbying — devoting three lobbyists to each member of Congress.

Pharmaceutical Companies Among the Top of the Public's List of Who Has Too Much Influence in Washington

Percent who say that each of the following has **too much influence** in Washington:



NOTE: Some items asked of half samples.
SOURCE: KFF Health Tracking Poll (conducted March 8-13, 2018)



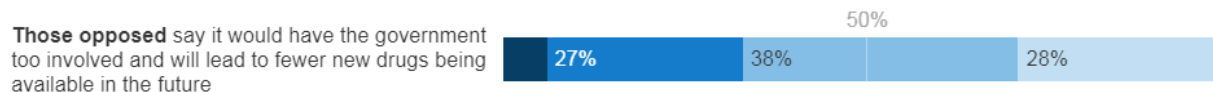
Americans Hold Overwhelming Negative Views Of The Pharmaceutical Industry. A 2019 Gallup poll found the pharmaceutical industry to be “the [most poorly regarded industry](#) in Americans' eyes.” The critique of Big Pharma included their seemingly never ending price increases, massive lobbying influence, and role in the opioid crisis, proving distrust of the pharmaceutical industry is far reaching.



One-Third Find Argument Against Drug Negotiations Convincing, Majority Say Argument In Favor Is Convincing

How convincing do you find each of the following arguments regarding allowing the federal government to negotiate with drug companies to get a lower price on prescription drugs for people with Medicare and private insurance?

■ Very convincing ■ Somewhat convincing ■ Not too convincing ■ Not at all convincing



NOTE: See topline for full question wording.

SOURCE: KFF Health Tracking Poll (Sept. 23-Oct. 4, 2021) • [PNG](#)

KFF

Majority Of Americans Don't Buy Pharma's Argument. [Nearly seven in 10 Americans](#) are not convinced by the pharmaceutical industry's argument that drug price negotiation will harm innovation.

No Wonder the American People Hate Drug Companies

New reports [indicate](#) big drug companies are fighting to weaken the parts of the Build Back Better Act that deliver relief to families and give Medicare the power to negotiate for lower prescription drug prices. As Big Pharma continues its fight against Medicare negotiation, here are four big reasons why America's families reject drug companies' claims and are demanding action now:

HIGH PRICES

SHOT: Drug Companies Hiked The Prices Of Nearly 1,000 Drugs In January. Drug companies started 2021 by hiking the prices of [hundreds of drugs](#). In January of 2021, more than [900](#) brand name drugs experienced price increases, the highest in over a decade. GoodRX found the increases to be the ["largest number of increases in years."](#)

CHASER: Americans Don't Trust Pharmaceutical Companies On Pricing. [Three in four](#) Americans do not trust drug companies to price their products fairly, with the vast majority of Americans identifying the high cost of prescription drugs to be the result of Big Pharma's greed. [78 percent](#) report pharmaceutical company's profits are a major factor contributing to the soaring cost of medications.

POWER & INFLUENCE

SHOT: Pharmaceutical Industry Spent Over \$250 Million Trying To Kill Medicare Negotiation. In 2021 alone, Big Pharma has spent nearly [\\$263 million](#) on lobbying – devoting three lobbyists to each member of congress.

CHASER: Americans Dislike Pharma's Influence In Washington. [72 percent](#) of Americans say the pharmaceutical industry has too much influence over the federal government.

INNOVATION LIES

SHOT: Drug Companies' Stock Buybacks And Dividends Exceed R&D Spending. Between 2016 and 2020, 14 leading drugmakers spent [\\$577 billion](#) on stock buybacks and dividends—\$56 billion more than what was invested in research and development over the same period. One company, Amgen, spent nearly six times more on executive pay, buybacks, and dividends than it did on research and development in 2018.

CHASER: Majority Of Americans Don't Buy Pharma's Innovation Argument. Roughly [70 percent](#) of Americans are not convinced by the pharmaceutical industry's argument that drug price negotiation will harm its ability to fund research and development.

SKY-HIGH PROFITS

SHOT: Drug Companies Enjoy The Highest Profits Of Major Industry. Pharmaceutical companies experience profit margins nearly [three times](#) the average for the S&P 500. Between 2000 and 2018, 35 large drug companies raked in a combined revenue of [\\$11.5 trillion](#) with a gross profit of \$8.6 trillion – far more than other large companies. Drug companies could lose [\\$1 trillion](#) in sales and still be the most profitable industry.

CHASER: Americans Hold Overwhelming Negative Views Of The Pharmaceutical Industry. A 2019 Gallup poll found the pharmaceutical industry to be “the [most poorly regarded industry](#) in Americans' eyes.” The critique of Big Pharma included their seemingly never ending price increases, massive lobbying influence, and role in the opioid crisis, proving distrust of the pharmaceutical industry is far reaching.

Republican Campaign Of Lies On Drug Pricing Reform Fueled By Pharma Contributions

As Democrats are set to pass the Build Back Better Act next week, Republican lawmakers are fighting to block its most popular provision: giving Medicare the power to negotiate lower prescription drug prices. A closer look at campaign contributions reveals these GOP lawmakers are deeply tied to big drug companies, which explains why Republicans are spreading lies and trying to mislead the American people. In reality, voters across the [political spectrum](#) are demanding action to reign in Big Pharma's greed and lower drug prices now.

Republican House Leader Kevin McCarthy: “Democrats are working overtime to eliminate innovation in new drugs and therapeutics and to allow Washington bureaucrats to decide which drugs seniors can take.” [[11/5/21](#)]

FACT CHECK: Medicare drug price negotiation included in the Build Back Better Act allows the federal government to establish fair prices with drug makers, not decide what medications Medicare beneficiaries can and cannot access. A 2017 [report](#) from the National Academies of Medicine on lowering costs and protecting innovation concluded, “drugs that are not affordable are of little value.” Build Back Better works to ensure Americans have access to the medications they need at prices they can afford.

PHARMA INFLUENCE: Rep. Kevin McCarthy was the number one recipient of contributions from the pharmaceutical manufacturing industry in 2020, receiving [\\$242.353](#) in contributions.

House Republican Conference Chair Elise Stefanik: “Under Pelosi's plan, these companies would be forced to cut research and design spending on new drugs, leading to fewer cures and lifesaving breakthroughs for individuals and families most in need of hope.” [[6/4/21](#)]

FACT CHECK: Deciding between lowering drug prices and ensuring innovation is a false choice. Between 2016 and 2020, 14 leading drugmakers spent [\\$577 billion](#) on stock buybacks and dividends—*\$56 billion more* than what was invested in research and development over the same period. One company, Amgen, spent nearly six times more on executive pay, buybacks, and dividends than it did on research and development in 2018.

PHARMA INFLUENCE: In the 2020 election cycle, Rep. Elise Stefanik received [\\$67,956](#) from the pharmaceutical/health products industry. She has received an additional [\\$6,043](#) for the 2022 cycle.

Energy & Commerce Ranking Member Rep. Cathy McMorris Rodgers: “More federal command and control over our health care will lead to less innovation [and] fewer cures.” [[10/19/21](#)]

FACT CHECK: Research has demonstrated that impacts from lowering drug prices can be successfully [mitigated](#) by large pharmaceutical companies reducing their spending on things like stock buybacks and dividends. This is not a make or break issue for the pharmaceutical industry. Drug companies could lose [\\$1 trillion](#) in sales, while maintaining research developments, and still be the most profitable industry, because pharmaceutical companies enjoy profit margins nearly [three times](#) the average for the S&P 500. Between 2000 and 2018, 35 large drug companies raked in a combined revenue of [\\$11.5 trillion](#) with a gross profit of \$8.6 trillion -- far more than other large companies.

PHARMA INFLUENCE: Rep. Cathy McMorris Rodgers has received nearly \$60,000 from the pharmaceutical manufacturing industry so far in the 2022 election cycle. Rep. McMorris Rodgers

is the number one Republican recipient of contributions from the pharmaceutical manufacturing industry in the 2022 election cycle. So far their contributions have totaled [\\$57,760](#).

Rep. Devin Nunes: “The Democrats... say that to bring [down] the cost of drugs, we have to take back government control of prices. That we must sacrifice our world-leading innovation in treatments and cures to lower costs at the pharmacy counter for seniors.” [\[10/14/21\]](#)

FACT CHECK: Major drug companies often outsource research and development. A 2019 [analysis](#) from Stat found a majority of top-selling drugs from two of the largest drug companies -- Pfizer and Johnson & Johnson -- were discovered and developed by third parties, such as universities and academic centers. These findings suggest that “a reduction in pharmaceutical revenues would not have the supposed devastating impact on the level of biopharmaceutical innovation.”

PHARMA INFLUENCE: In the 2020 election cycle, Rep. Devin Nunes received [\\$121,283](#) in total contributions from the pharmaceutical/health products industry. He has received an additional [\\$16,722](#) for the 2022 election cycle so far.

Sen. Tim Scott: “From curing rare diseases to increasing life spans by many years, recent medical advancements have been nothing short of miraculous for seniors and other at-risk populations. Handing over drug pricing to the federal government would halt that positive momentum and put life saving medications further out of reach for too many Americans.” [\[10/1/21\]](#)

FACT CHECK: Time and again, drug companies hike the prices of drugs without any added benefit to patients. According to Patients for Affordable Drugs, a vial of brand name insulin [costs](#) about \$4 to make but costs [\\$270](#) and one capsule of the cancer drug Revlimid costs less than a dollar to make but sells for \$833.

PHARMA INFLUENCE: The pharmaceutical industry has donated [\\$270,773](#) to Sen. Tim Scott for the 2022 election cycle. In his career since 2009, Sen. Tim Scott has received [nearly \\$750,000](#) from the pharmaceutical industry.