



FOR IMMEDIATE RELEASE

FOR MORE INFORMATION:

512-708-8424

info@thbi.com

Study: Middlemen Drive the Cost of Brand Name Medicines
More Than Half of Spending on Brand Medicines Goes to PBMs, the Supply Chain, Other Entities – Not to Drug Companies

AUSTIN, TX, January 27, 2022 – An updated study from the Berkeley Research Group (BRG) shows more than half (50.5 percent) of total spending on brand-name prescription drugs goes to middlemen like pharmacy benefit managers (PBMs) and other stakeholders in the drug supply chain – not to drug manufacturers.

“This study confirms that the companies that take the risk to develop these vital treatments are not driving medicine spending growth,” said Victoria Ford, President and CEO of the Texas Healthcare and Bioscience Institute (THBI). “The fact that middlemen, including PBMs, are driving up the cost that patients ultimately shoulder should serve as a wake-up call to all of us.”

The study from the Berkeley Research Group (BRG) found:

- **More than half of every \$1** spent on brand medicines went to payers, middlemen, providers and other stakeholders in 2020.
- 2020 marks the first year on record in which non-manufacturer stakeholders – including PBMs, health plans, hospitals, the government, pharmacies and others – received the **majority of total spending** on brand medicines.
- In 2020, payers (including insurers, PBMs and government programs) received **more than \$140 billion** in spending on brand medicines, reflecting rebates, discounts and other payments from biopharmaceutical companies. These savings often do not make their way to patients at the pharmacy counter.
- Unprecedented growth of the 340B drug pricing program resulted in a **1,100% increase** in the amount hospitals and other 340B entities received from the sale of brand medicines purchased through the 340B program between 2013 and 2020.

“The answer to lowering out-of-pocket drug costs for patients lies not in government price-fixing, which would stifle innovation of new cures and treatments,” added Ford. “The answer lies in reforming the current, perverse system of discounts and rebates that never trickle down to patients.”

[CLICK HERE](#) to read the full report from BRG.

About The Texas Healthcare and Bioscience Institute

The Texas Healthcare and Bioscience Institute (THBI) is the Texas public policy voice for the healthcare and bioscience industry. The Texas life sciences industry is committed to expanding the boundaries of science by discovering, developing and delivering innovative and needed medications to patients. It is the patient that is the ultimate beneficiary of such advances. The membership of THBI is dedicated to creating an environment where such discoveries flourish and thrive.

###