By the Numbers

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Every year, the Pharmaceutical Research and Manufacturers of America (PhRMA) publishes its Pharmaceutical Industry Profile.1 I had an opportunity to look over the 2006 Profile, and I thought many of our readers would be interested in a high-level overview of the report.

Of course, many readers might approach such a report with a healthy degree of skepticism; after all, PhRMA is not an unbiased source. I was happily surprised after my perusal of the report. It seemed to be a straightforward—by the numbers—comprehensive review of the industry’s commitment to research and development (R&D), access to medications, relief for the victims of Hurricane Katrina, and related matters. It appeared to be a legitimate attempt to stake out the moral high ground and to maintain that position throughout.

For example, the report goes to great lengths to summarize the R&D investment made by the pharmaceutical industry each year. In 2005, for instance, the entire biopharmaceutical industry spent an estimated $51.3 billion on R&D. This figure represents contributions made by PhRMA member companies, as well as U.S. biotechnology firms that are not PhRMA members but are often supported through business ventures and funding from PhRMA member companies. PhRMA member companies alone, spent an estimated $39.4 billion in 2005.1

Hence, the report distinguishes PhRMA from non-PhRMA members in order to give us a comprehensive overview of the entire field. The organization also reminds us that the cost of developing one new medication stands at about $800 million, spread over a 10- to 15-year period. This should come as no surprise to most of our readers.

I was impressed with aspects of the report that dealt with targeted personalized medications in the pipeline and the number of new drugs in development. For example, more than 300 compounds are being developed for cardiovascular disorders, more than 500 are under study for neurological disorders, and more than 50 are being created for Alzheimer’s disease and dementia alone. The late-stage pipeline in the U.S. far exceeds that in any other nation; since 1997, it represents a 104% increase in the number of products currently under study.

The report took pains to point out that investment in R&D has continued to grow in the U.S., in contrast with trends in Europe, where rigid government policies have discouraged continued pharmaceutical discovery. There, the numbers of drugs in development has declined. Policies including price controls and access restrictions have had a chilling effect on innovation, and some European companies have relocated employees, facilities, and research activities to the United States.1

I covered aspects of this topic in a previous column in P&T (“NICElly Done!”, February 2006).

Although we cannot blame the biopharmaceutical industry for the delays and confusion surrounding Medicare Part D, the PhRMA report does a reasonable job in a chapter entitled “Access to medications: Patient focused policies open doors.” I was impressed by the number of prescription assistance programs available to low-income patients. Of course, accessing these programs from the office or the hospital is often fraught with complications.

The section on direct-to-consumer (DTC) advertising was also of interest. Again, this just-the-facts section revealed that DTC advertising accounts for:

- less than 2% of the total U.S. spending for prescription medicines. Experts have not found any relationship between drug marketing and drug price. For example, December 2003 FTC [Federal Trade Commission] comments to the FDA noted [that] consumers received benefits from DTC advertising with little, if any, evidence that such advertising increases prescription drug prices.1

I was particularly taken with the report’s conclusion; most appropriately, PhRMA recognizes that the pharmaceutical industry has a special obligation to patients:

The biopharmaceutical industry recognizes the hope that patients get from the promise of new medicines, the benefit new medicines represent for millions, and the importance of expanding access to medicines so patients with few options have somewhere to turn.1

I know that your P&T committee members share this same commitment. I believe that the PhRMA report, at least by the numbers, represents a nice summary of a complex global industry. The more we know about the industry, the better we can understand critically important products that are here today and that are on the way tomorrow.

As usual, I am interested in your views. You can reach me at my e-mail address, david.nash@jefferson.edu.

REFERENCE