

BIG PHARMA SAYS NEW DRUG COSTS \$1.3 BILLION, BUT REALLY LESS THAN \$125 MILLION

We do not diagnose disease or recommend a dietary supplement for the treatment of disease. You should share this information with your physician who can determine what nutrition and disease treatment regimen is best for you. **You can search this site or the web (use Dr Simone and topic) for topics of interest that I may have written.**

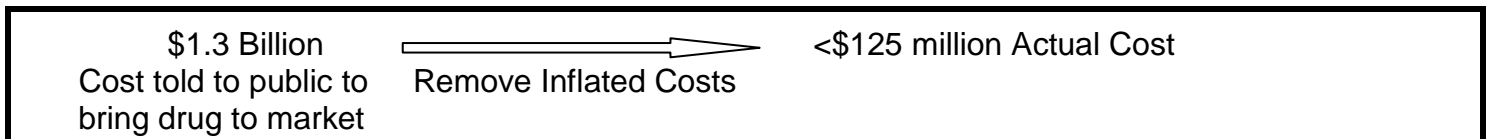
"We provide truthful information without emotion or influence from the medical establishment, pharmaceutical industry, national organizations, special interest groups or government agencies." Charles B Simone, M.MS., M.D.

BIG PHARMA SAYS NEW DRUG COSTS \$1.3+ BILLION, BUT REALLY LESS THAN \$125 MILLION

Lawrenceville, NJ (Dr Simone) - GlaxoSmithKline chief executive officer Andrew Witty said the pharmaceutical industry's estimate of \$1+ billion in average cost to develop a drug is **"one of the great myths of the industry,"** according to Reuters March 15, 2013. **The reason Big Pharma keeps this myth alive is simply to justify the high retail costs of prescription medicines.**

We have seen **revolt and change** in the 2016 US Presidential election. **People are outraged by the high costs of medicines.** These high costs will break health systems budgets. Big Pharma companies are raising drug prices higher and higher, not because of costs or of curing or controlling diseases, but because they can get away with it, especially in the United States. These companies are not developing better drugs for these higher prices. In fact, most new drugs provide no clinical advantage and one of five causes serious harm. In 2012, 11 of 12 cancer drugs cost more than \$100,000 per year and only one of them extended life for a few weeks.

In 2016, Big Pharma aired 1.3 million ads on television for prescription and over-the-counter drugs and other health messages costing about \$4.6 billion (iSpot.tv). You've heard some of them. Here's one I sarcastically made up: 'ABC Pharmaceuticals developed a new Drug X to treat your restless elbow syndrome. It may cause asthma, diabetes, heart disease, and cancer. It may even cause death.'



BIG PHARMA ESTIMATE told to public to bring drug to market \$1.3 billion (1,2)

REMOVE INFLATED COSTS

1) High amount for profits that Big Pharma would have made if they invested in stocks and bonds – “profits foregone.” -\$650 million
This is not a real cost.

BALANCE \$650 million

2) Taxpayers subsidize this amount through academic and -\$325 million

public laboratories (US NIH, etc), credits and deductions granted to Big Pharma, purchasing medicines with taxpayer monies. For cancer drugs, research costs are even lower because most of the basic research and thousands of clinical trials are paid by you, the taxpayer via the National Cancer Institute and foundations_____

BALANCE	\$325 million
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- 3) The \$1.3 billion is based on the most costly 20% of drugs, not the average. Research costs are brought down by 30% by correcting this distortion \$230 million
- 4) Using the Median Cost of drug development, where half of the projects cost more and half cost less, brings cost to \$170 million
- 5) Remove inflated estimate for basic research, brings cost to \$125 million
- 6) Taxpayers subsidize \$4.6 advertising, **brings cost less than <\$125 million**

CONCLUSIONS

- 1) Cost to discover new drugs is about 15% of what is estimated and 1.3% of revenues after deducting taxpayer subsidies.
- 2) Companies raise older drug prices 20% to 25% per year – price gouging, “pay for delay,” “product hopping.” No other country allows this. Do you pay more for last year’s car? [BIG PHARMA AND FEDS BLOCKS GENERIC CANCER DRUGS](#)
- 3) We really need to start thinking in terms of EFFECTIVE or NONEFFECTIVE treatment and tell patients about treatments in those terms. And not pay for medicines that are NONEFFECTIVE [LIES IN MEDICINE](#)
- 4) Make Big Pharma pay their fair share of taxes, allow US taxpayers to buy medicines from anywhere, have the US Government negotiate prices downward [FEDS LET BIG PHARMA LEGALLY LOOT AMERICAN TAXPAYERS; PATIENT-ASSISTANCE PROGRAMS - BIG PROFITS FOR BIG PHARMA](#)
- 5) Make drastic changes to the FDA – approvals should be given only for EFFECTIVE treatments, not for me-too drugs, or re-packaged drugs, etc.

The public wants change. The time is now. Without changes to our prescription medicine pricing and our Make America Healthy Again Program ([MAKE AMERICA HEALTHY AGAIN](#)), we will witness the collapse of the health system.

REFERENCES

(1) Light D, Kantarjian H. Market Spiral of Cancer Drugs. *Cancer* Nov 15, 2013. Pg 3900-3902.

(2) \$1.3 billion is the estimate often used, but this number could vary from \$92 million to \$4.2 billion depending on the information source, and the methods used (Morgan, et al. The cost of drug development. April 2011; *Health Policy*. 100(1):4-17)

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