

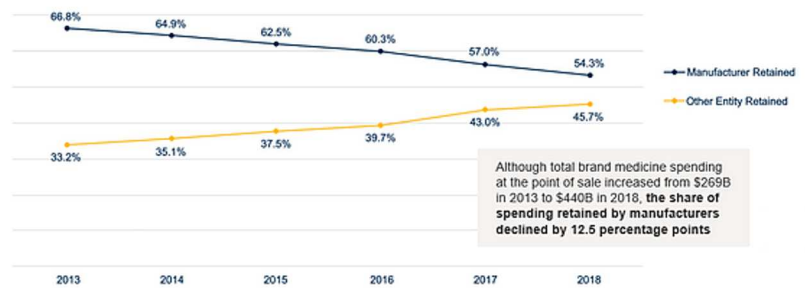
# Nearly 50% of brand medicine spending goes to the supply chain and others

Nearly 50% of total spending on brand medicines – the sum of all payments made at the pharmacy or paid on a claim to a health care provider – went to the supply chain and other entities in 2018, according to a [new analysis](#) from the Berkeley Research Group (BRG). Here are four things from the analysis that you should know:

**1. Hospitals, health insurers, pharmacy benefit managers, the government and others got nearly 50% of what was spent on brand medicines in 2018, up from 33% five years prior.** By contrast, innovative biopharmaceutical companies that research, develop and manufacture medicines retained just 54% of total point-of-sale spending on brand medicines.

## Manufacturers are retaining an increasingly smaller share of total spending on brand prescription medicines

PERCENTAGE OF TOTAL SPENDING ON BRAND MEDICINES RETAINED BY MANUFACTURERS AND OTHER ENTITIES, 2013-2018



**2. The share of total spending on brand medicines that biopharmaceutical companies retain has been steadily declining as rebates and discounts have increased.** Between 2015 and 2018, the amount innovative biopharmaceutical companies retained from the sale of brand medicines increased, on average, 2.6% annually, in line with inflation. In this same timeframe, companies brought nearly 200 new innovative treatments and cures to patients.

## Despite growth in total brand medicine spending, the amount retained by manufacturers has remained flat

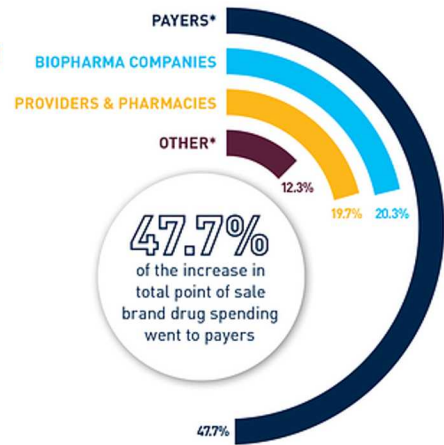


\*Other Stakeholders\* include: health plans, state and federal government, hospitals, pharmacies and other providers, cost sharing assistance, employer groups, wholesalers, and GPOs

3. **Nearly half of the increase in the total amount spent on brand medicines went to payers between 2015 and 2018.** Twenty percent went to hospitals, pharmacies and other health care providers, which is the same amount that went to biopharmaceutical companies that research, develop and manufacture medicines.

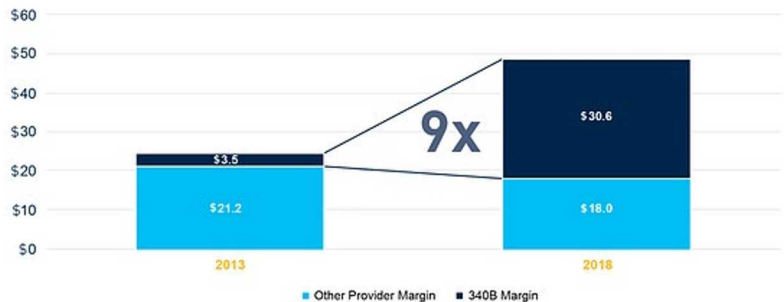
**Payers received the largest share of the increase in total brand drug spending between 2015 and 2018**

**\*\*Other\*\*** includes wholesaler and provider margins, patient cost sharing assistance  
Note: payers include health plans, PBMs, the federal and state governments, and employer groups



4. **The amount hospitals, pharmacies and other health care providers retained on the sale of brand medicines nearly doubled between 2013 and 2018, increasing from \$24.7 billion to \$48.6 billion.** This trend was primarily driven by unprecedented expansion in the [340B drug pricing program](#). In fact, the amount hospitals and other 340B entities retained from the sale of brand medicines purchased through the 340B program was 9 times larger in 2018 than in 2013.

**340B profits now account for 63% of gross provider and pharmacy margin – up from just 14% in 2013**



View the full analysis [here](#) and learn more at [LetsTalkAboutCost.org](http://LetsTalkAboutCost.org).