

# Drug Prices



Families, employers, and taxpayers deserve a fair health care system in which drugs are affordable and accessible. Arnold Ventures (AV) works to lower drug prices while maintaining appropriate incentives for meaningful innovation.

Right now, Americans pay the highest prices for drugs in the world. Government-regulated monopolies allow for high launch prices, unjustified price increases, and market distortions leading to rising costs and barriers to patient access. Reforms to patent law would reduce anticompetitive practices and lower costs.

## America Has the Highest Prescription Drug Prices in the World

- **Patients pay more**
  - › U.S. brand-name drugs are [nearly 3x](#) as high as those in other OECD countries.
  - › Annual spending on prescription drugs is expected to reach [\\$863 billion](#) by 2028.
  - › Drug spending [grew by nearly 20%](#) between 2014-2020, more than 2x the rate of inflation.
- **Anticompetitive behaviors extend monopoly pricing power**
  - › Between 2005-2015, [75% of new drug patents](#) were for existing drugs already on the market.
  - › Of the [top 10 selling drugs](#), there are currently on average 140+ patent applications filed on each, with 66% of these filed after the Food and Drug Administration's (FDA's) initial approval of the drug.
- **Brand-name drug manufacturers drive higher prices by:**
  - › Obtaining additional patents on features of drugs that do not change the clinical effectiveness — such as changing from a tablet to a capsule — delays more affordable generic drugs from entering the market.
  - › Engaging in pay-for-delay, whereby a brand name manufacturer pays a generic drug company to delay launch, keeping generic competition out of the market longer.
  - › Abusing the citizen's petition process to interfere with the approval of generic or biosimilar competitors.

## Recent Bills to Prevent Anticompetitive Practices and Lower Drug Costs:

- **The Interagency Patent Coordination and Improvement Act of 2023** establishes an interagency task force between the U.S. Patent and Trademark Office and the FDA to share information and provide technical assistance.
- **The Prescription Pricing for the People Act of 2023** requires the Federal Trade Commission (FTC) to study the role of intermediaries in the pharmaceutical supply chain and provide policy recommendations.
- **The Preserve Access to Affordable Generics and Biosimilars Act** prohibits companies from compensating generic/biosimilar manufacturers to delay entry into the market.
- **The Stop STALLING Act** deters the filing of sham citizen petitions that attempt to interfere with the approval of a competing generic drug or biosimilar.
- **The Affordable Prescriptions for Patients Act of 2023** prohibits “product hopping” — a practice in which drug manufacturers make minor changes to a drug to apply for a new patent and avoid competition from generic drugs.

[Arnold Ventures](#) is a philanthropy that supports research to understand the root causes of America's most persistent and pressing problems, as well as evidence-based solutions to address them. By focusing on systemic change, AV is working to improve the lives of American families, strengthen their communities, and promote their economic opportunity. Since Laura and John Arnold launched their foundation in 2008, the philanthropy has expanded, and Arnold Ventures' focus areas include education, criminal justice, health, infrastructure, and public finance, advocating for bipartisan policy reforms that will lead to lasting, scalable change. The Arnolds became signatories of the Giving Pledge in 2010.