

STOP DRUG CORPORATION PRICE GOUGING & TAX DODGING

Talking Points Prepared by Americans for Tax Fairness and Health Care for America Now
December 2019

These talking points are based on the findings in this [fact sheet](#).

SUMMARY

- Congress is currently considering legislation to stop drug corporation price gouging and lower the cost of prescription medicines. We all have a stake in the Lower Drug Costs Now Act because taxpayers heavily subsidize drug corporation profits. And whether we take prescriptions or not, working families and our communities pay the price when drug corporations don't contribute their fair share in taxes.
- Big Pharma is a greedy industry when it comes to maximizing profits at the expense of patients and consumers. And it's a greedy industry when it comes to not paying its fair share of taxes to help create an economy that works for all of us.
- Drug corporations rake in bigger and bigger profits and pay less and less in taxes as they keep jacking up the price of prescription medicines. It's time to take the first step to end drug corporation price gouging by passing the Lower Drug Costs Now Act. And we must begin to curb drug corporation tax dodging by passing legislation to make them pay their fair share of taxes.

Drug corporations are price gouging consumers and healthcare programs supported with your tax dollars.

- Prices for the top 100 drugs are up 9 times faster than inflation over the last 12 years—many of these drugs were created with taxpayer funded research and development.
- Prices charged for drugs under Medicare and Medicaid are up 40% in just the last five years—8 times the rate of inflation.

Drug corporations are getting rich off their price gouging.

- The 10 biggest U.S. drug corporations—the Pharma Big 10—racked up nearly \$70 billion in worldwide profits in 2018.
- A lot of those profits came from the quarter of a trillion dollars the government and consumers spend *each year* on drugs under the Medicare and Medicaid programs.
- The profit margin of the drug industry runs about 15-20%, triple the average for all industries.

Despite all their profits, drug corporations dodge paying their fair share of taxes.

- The Trump-GOP tax law slashed the corporate income tax rate by 40%—an unprecedented and uncalled for giveaway to giant corporations like Pfizer and Eli Lilly.
- Rather than lower prescription drug prices or invest more in creating new and affordable medical cures, prescription drug CEOs—at Gilead, Merck, and Johnson and Johnson—and the companies' wealthy shareholders pocketed the extra money the corporations got in tax breaks.

Big Pharma gets rich by gouging consumers for drugs you helped pay to discover.

- The National Institutes of Health, a government agency supported by your tax dollars, spent \$100 billion on research that was behind every single one of the 210 new drugs approved for use in the U.S. between 2010 and 2016.
- Despite all the taxpayer-funded investments, drug corporations make all the profits off new drug discoveries.

Taxpayers subsidize the huge profits of drug corporations in other ways too:

- The government grants monopolies to drug corporations to manufacture new drugs. This prevents price competition for around 20 years so they can charge whatever they want and pad their profits with no controls.
- Our government spends billions of taxpayer dollars purchasing drugs every year through contracts for immunizations and other drugs. That's on top of the quarter of a trillion dollars the government and consumers spend buying drugs through Medicare and Medicaid and the Veterans Administration.
- And you know all those TV ads for prescription drugs that run during your favorite shows? Each one of them is subsidized by you and me because our tax system lets corporations deduct the cost of those ads when calculating their taxes.

Drug corporations get away with all these rip-offs because they use all their money to buy political influence.

- The prescription-drug industry spends more than any other industry lobbying your members of Congress to do their bidding—\$170 million in 2018. The drug industry and other health care companies have a [small army of 1,400 lobbyists](#) walking the halls of Congress. That's about three lobbyists for every member of Congress.
- Drug corporations make huge campaign contributions to get people elected to Congress and the White House who will protect their monopolies and keep regulations loose so they are free to price gouge us at will.

Now Big Pharma is using its political power to try to kill the Lower Drug Costs Now Act (H.R.3)—a bill in Congress that will make it a lot harder for the drug industry to price-gouge patients and inflate their profits.

- This legislation will take away the drug industries unlimited power by empowering the government under Medicare to negotiate for lower prices on a range of drugs. This will result in lower prices for patients with private insurance, too.
- This legislation will save taxpayers and consumers about \$500 billion over 10 years. It could also reduce the prices on drugs covered by the legislation by 40% to 55%. The savings from the legislation will be used to expand Medicare benefits to include dental, vision and hearing coverage and to help low-income seniors afford Medicare.
- The drug industry is spending millions of dollars on lobbying. It hopes to kill the bill in the U.S. Senate. Senate leader Mitch McConnell has declared he won't even hold a vote on the House bill. That's no surprise given McConnell has received \$800,000 in political donations from the drug and health care industries over the past five years.