

Ensuring Affordable and Valuable Pharmaceutical Innovation for Patients

Increasing patient access through bold expansion of affordable care means little when there are no valuable cures or treatments to access. At the same time, breakthrough medical therapies provide little value if high cost-sharing pushes them out of patients' reach.

This trade-off between innovation and affordability has played out in the different approaches taken across the globe. There is little doubt that U.S. consumers access newer drugs [sooner and more often](#) than their overseas counterparts. And this increased access to the latest treatments matters. Schaeffer Center research suggests that introducing European-style pricing policies would ultimately reduce innovation and cost American consumers just over [half a year of life expectancy](#), about what would be lost if American surgeons suddenly forgot how to perform heart bypass surgery.¹ Thus, even though other countries likely free-ride off the revenue generated in the American market, importing overseas pricing policies will harm the health of American families.

Nonetheless, the deteriorating accessibility of prescription drugs in recent years still threatens to derail the access advantages and health gains American consumers have so far enjoyed. Even patients with "good" insurance are struggling to access the therapies their doctors prescribe. An increasing number of plans frequently impose co-insurance requirements and exclude drugs from their formularies. These changes in the marketplace likely harm health, since the link between increasing out-of-pocket costs and patient adherence is [well-established](#).

Surprisingly, coverage has deteriorated even while the average manufacturer net prices of brand drugs—the amount manufacturers receive after rebates and discounts—have declined in [each of the last five years](#). Transparency in pricing throughout the pharmaceutical distribution system would be a major step towards ensuring that drug prices reflect the actual value provided to patients, and don't simply enrich intermediaries.

Rewarding drugs that do provide value helps sustain innovation and ensures good health will be increasingly within the reach of American patients for generations to come. Decades of economic research demonstrate that innovation follows pricing incentives. Where innovators [expect](#) higher returns, innovative effort and discovery [follow](#). As a result, aligning the price of every drug with the value it brings to patients stimulates innovation that benefits patients and discourages innovation that does not.

Ultimately, the right policies need to focus on the affordability of good health, not simply of health care. The least affordable drugs are those that have not yet been discovered.

¹ Bypass surgery adds about [1.1 years of life](#) to patients treated with it. The lifetime risk of cardiovascular disease is [around 60%](#). Thus, even if every heart disease patient received bypass surgery, it would add just over half a year of life.