

# Executive summary

## Our net prices declined for the sixth year in a row in 2022.

Unfortunately, the reality for millions of patients is growing affordability and health equity gaps caused by underinsurance and inadequate insurance benefit design driven by middlemen, including pharmacy benefit managers.

Net prices for our medicines have declined for the sixth year in a row

**-3.5%**

**Average net price decline** of Janssen medicines in 2022 (compared to the 9.1% rise in consumer prices over the year ended June 2022)<sup>1, 2</sup>

Rebates and discounts to commercial insurers, pbms and government programs have grown

**\$39B**

Total amount Janssen paid in **rebates, discounts and fees** to commercial insurers, government programs and others in the healthcare system in 2022<sup>1</sup>

Insurance benefit design shifts more costs to sicker patients

**32%**

Of covered U.S. workers face an **annual deductible above \$2,000**<sup>3</sup>

**23%**

Of Americans are **considered underinsured**<sup>4</sup>

**58%**

Of the **list prices of our medicines** went to commercial insurers and others in the healthcare system

**2022 Rebates, discounts & fees by channel<sup>1</sup>**

Percent = as a percentage of list price

VA/DOD

**\$1.6B**  
57%

Medicaid

**\$3.8B**  
53%

Medicare (Part D & Donut Hole)

**\$5.1B**  
48%

340B Program

**\$6.2B**  
62%

Commercial Market

**\$11.2B**  
44%

## Supporting our nation's healthcare innovation ecosystem

Janssen is proud of our historical investments in helping develop the global healthcare innovation ecosystem aimed at making disease a thing of the past.

A healthy innovation ecosystem depends upon many elements working together to support and sustain each other. In the healthcare innovation ecosystem, biopharmaceutical industry R&D spending accounts for 75.5% of all investments in U.S. medical and health research and development.<sup>5</sup>

**\$11.6B**

Dedicated in 2022 to the **discovery and development of new treatments and cures.**<sup>1</sup>

**110%**

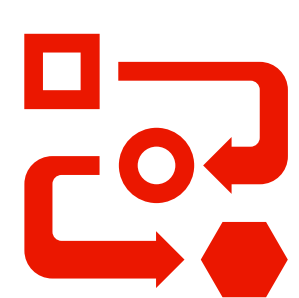
Janssen spent **110% more on R&D** than on sales and marketing in 2022.<sup>1</sup>

**\$65.7B**

Since 2016, we have invested **\$65.7 billion** in R&D to push the boundaries to develop innovative therapies and treatments.<sup>1</sup>

## Continuing trends and new policies undermine patient access

Notwithstanding our continued R&D investments and negotiations with payers to support patient access, we are deeply concerned about continuing trends and new policies that undermine patient access; further exacerbate gaps in affordability and health equity; and threaten the nation's leadership role in the global pharmaceutical innovation ecosystem. Our specific concerns include:



**Patients are not directly benefiting from continuously lower net prices and growing discounts**

The difference between list price and net price has grown significantly, now more than \$200 billion.<sup>6</sup>



**Underinsurance is widening gaps in affordability, health equity and access**

A growing number of Americans have health insurance but are still at financial risk, or underinsured, due to high deductibles, high out-of-pocket costs and some treatments not even being covered by their insurance plan.



**Enactment of the Inflation Reduction Act (IRA)**

The IRA threatens to harm the future development of innovative medicines, improvements in existing treatments and patients' access to these treatments.

1. Figure according to Janssen internal financial accounting.

2. Bureau of Labor Statistics, "Consumer prices up 9.1 percent over the year ended June 2022, largest increase in 40 years." TED: The Economics Daily, July 18, 2022. <https://www.bls.gov/opub/ted/2022/consumer-prices-up-9-1-percent-over-the-year-ended-june-2022-largest-increase-in-40-years.htm>. Accessed February 2023.

3. Kaiser Family Foundation, "2022 Employer Health Benefits Survey" October 27, 2022. <https://www.kff.org/report-section/ehbs-2022-summary-of-findings>.

4. Sara R. Collins, Lauren A. Haynes, and Relebohile Masitha, "The State of U.S. Health Insurance in 2022." Commonwealth Fund Biennial Health Insurance Survey, The Commonwealth Fund, <https://www.commonwealthfund.org/publications/issue-briefs/2022/sep/state-us-health-insurance-2022-biennial-survey>. Accessed February 2022.

5. Research!America, "U.S. Investments in Medical and Health Research and Development 2016-2020." January 2022. [https://www.researchamerica.org/wp-content/uploads/2022/09/ResearchAmerica-Investment-Report.Final\\_January-2022-1.pdf](https://www.researchamerica.org/wp-content/uploads/2022/09/ResearchAmerica-Investment-Report.Final_January-2022-1.pdf). Accessed December 6, 2022.

6. Adam Fein, "Warped Incentives Update: The Gross-to-Net Bubble Exceeded \$200 Billion in 2021" Drug Channels, March 22, 2022. <https://www.drugchannels.net/2022/03/warped-incentives-update-gross-to-net.html>. Accessed March 1, 2023.