

Ontario Health Coalition: Pharma Facts & Figures

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Innovation or Marketing?

FACT: The top US drug makers spend 2.5 times as much on marketing and administration as they do on research. (source: Dr. Marcia Angell, " *The Truth About Drug Companies: How They Deceive Us and What to Do About It*" Dr. Angell is a doctor and lecturer at Harvard Medical School and the former editor of the *New England Journal of Medicine*.)

FACT: At least 1/3 of drugs marketed by the industry leaders were discovered by universities or small biotech firms rather than the big drug companies. (source: *ibid.*)

QUOTE: Dr. Angell calls the drug industry a " vast marketing machine" that thrives on monopoly rights and public-sponsored research.

STATISTICS CANADA reports that universities and teaching hospitals are by far the largest *performer* (i.e. where R&D is actually performed) in health Research & Development at \$3.7 billion in 2005 compared to the business sector (which includes the pharmaceutical industry) at \$2 billion. When combined, the public sector and universities/teaching hospitals *fund* health R&D more than the industry also. The higher education sector and the federal government sector combined funded health R&D expenditures by \$2.7 billion in 2005 compared to \$1.8 billion by the business enterprise sector (source: Statistics Canada, "*Estimates of total spending on research and development in the health field in Canada, 1988 to 2005*", Minister of Industry, May 2006)

FACT: Of the 117 drugs with new ingredients introduced in Canada between 1998 and 2002, only 15 provided substantial improvement over existing drugs. The rest are " me too" drugs with few therapeutic advances, but are responsible for 80% of drug expenditure. (Source: Morgan, S.G. et al. " Breakthrough drugs and growth in expenditure on prescription drugs in Canada" , *British Medical Journal*, Vol. 331. October 2005)

FACT: Drug companies spend more than \$20,000 per year for every doctor in Canada on drug samples, sales rep contact, conferences, trips and giveaways. The Canadian Health Coalition reports that this figure can be as high as \$37,000. (source: Schafer, A. *Medicine, Morals or Money: Dancing with porcupines and sleeping beside elephants*. Manitoba, University of Manitoba Centre for Professional and Applied Ethics.)

Making a Killing

FACT: The top 10 pharmaceutical companies make more in profits than the rest of the Fortune 500 combined. (source: *Mother Jones* magazine)

FACT: The 2006 Fortune 500 ranks pharmaceuticals as the 5th most profitable industry just behind crude oil and banks. Fortune puts pharma profits at 15.7% of revenues. (Source: http://money.cnn.com/fortune/fortune500/performers/industries/return_on_revenues/index.html)

FACT: Costs for Canadian prescription drugs rose 62.3% from 1994-2004.

FACT: Drugs now rank second after hospitals as a share of total health care spending, having overtaken physicians in 1997.

Others Do It Better

FACT: Australian government drug managers negotiate an acceptable price with manufacturers and pay about 10% less than Canadian prices. New Zealand achieved 50% savings using coordinated bargaining methods. (source: Lexchin, J. *Intellectual Property Rights and the Canadian Pharmaceutical Marketplace: Where do we go from here?* Ottawa: Canadian Centre for Policy Alternatives.)

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