



DOSE OF REALITY: BIG PHARMA'S DEBUNKED INNOVATION RHETORIC

Brand Name Drug Companies Claim Lowering Rx Prices Will Undercut R&D — The Facts Disagree

For far too long, Big Pharma has used the false excuse that research and development (R&D) costs justify out-of-control prescription drug prices and that solutions to lower prices threaten innovation into new breakthroughs. These tired arguments, which Big Pharma wields like a shield to protect the industry's anti-competitive and price-hiking practices, simply don't hold up to scrutiny.

Multiple studies have found Big Pharma's price hikes have little to no connection to the cost of their development or improvements in drugs' efficacy. In other words, brand name drug companies set launch prices and hike prices to maximize profits — not because there is any connection to innovation.

Several recent analyses also demonstrate that Big Pharma is increasingly focused on developing new and more effective strategies to exploit loopholes and extend monopoly pricing on blockbuster products, rather than investing in true innovation.

Contrary to the industry's insistence that out-of-control prices support costly investments in R&D, the facts show that brand name drug companies invest more boldly in advertising, profits and overhead than in innovation and R&D.

Get the facts on how the pharmaceutical industry continues to debunk its own rhetoric on innovation:

THERE IS NO CONNECTION BETWEEN HIGH DRUG PRICES AND GREATER INVESTMENT IN R&D

- **No Association Between Drug Company's Prices and Investments In Research & Development.** A September 2022 [paper](#) in The Journal of American Medical Association (JAMA) Network Open examined a subset of 63 drugs approved by the U.S. Food and Drug Administration (FDA) between 2009 to 2018, representing around one-fifth of the drugs approved by the FDA during this time span. The researchers found that for this subset of drugs, "there was no association between estimated research and development investments and treatment costs based on list prices at the launch of the product or based on net prices a year after launch."
- **No "Meaningful Association Between Cancer Drug Prices And The Magnitude Of Benefit For Any End Points."** An October 2022 [study](#) in JAMA Internal Medicine found a lack of correlation between the prices set by Big Pharma on cancer drugs and their effectiveness for patients. "We did not detect a meaningful association between cancer drug prices and the magnitude of benefit for any of the end points," the researchers wrote. "This suggests that cancer drugs are priced based predominantly on what the market will bear." In other words, Big Pharma sets prices to maximize profits, not based on clinical value or outcomes for patients.
- **Big Pharma Sets Increasingly Out-of-Control Launch Prices Unjustified by Clinical Value.** According to a 2025 [report](#) from the Institute for Clinical and Economic Review (ICER) on launch prices and prescription drug access, the inflation-adjusted median annual list price for newly launched drugs increased 24 percent between 2022 and 2024 — from \$249,257 in 2022 to \$308,749 in 2024. The report found that list prices increased across several major drug categories, including orphan drugs, biologic drugs, small molecule drugs, oncology drugs and endocrine/metabolic drugs, as the pharmaceutical industry remains committed to a business-as-usual approach of putting profits over people with egregious pricing on brand name products. ICER's analysis identified 15 brand name drugs launched in this period with list prices above \$1 million, with many exceeding \$2 million per drug.
- **Big Pharma's Price Hikes Not Justified by Increases in Clinical Value.** A 2024 ICER [analysis](#) found brand name drug companies' egregious price hikes on five widely used prescription medications, without any accompanying innovation, cost U.S. patients and the health care system an additional \$815 million in 2023.

BIG PHARMA INCREASINGLY INVESTING IN ANTI-COMPETITIVE STRATEGIES, NOT TRUE INNOVATION



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- **Big Pharma Relies on Secondary Patents to Extend Monopolies, Study Finds Majority Aren't for the Drug Itself.** A January 2026 [study](#) from JAMA Health Forum highlights how Big Pharma has been increasingly relying on secondary and tertiary patents that are unconnected to the active pharmaceutical ingredients (API) in top-selling drugs, in order to extend monopoly pricing. These strategies keep prices high while shifting focus away from true innovation and toward prolonging market exclusivity.
- **Big Pharma Exploits Patent System to Extend Monopolies, Blocking Competition and Protecting Billions in Profits.** A June 2025 [analysis](#) from the Initiative for Medicines, Access and Knowledge (I-MAK) highlighted Big Pharma's egregious abuse of the U.S. patent system and how these anti-competitive strategies keep prescription drug prices high. Bristol Myers Squibb and Pfizer extended exclusivity on Eliquis to 2026, while Novo Nordisk filed hundreds of patents on semaglutide drugs—Ozempic, Rybelsus and Wegovy—potentially delaying competition until 2031 and securing an estimated \$166 billion in additional revenue.
- **Novo Nordisk and Eli Lilly Exploit Patents to Extend GLP-1 Monopolies, Locking in \$166 Billion in Extra Profits.** According to an April 2025 [report](#) from the Initiative for Medicine, Access and Knowledge (I-MAK), Big Pharma giants Novo Nordisk and Eli Lilly are gaming the U.S. patent system to extend monopolies and keep prices high on blockbuster GLP-1 drugs like Ozempic, Wegovy and Mounjaro. Novo Nordisk has filed 320 U.S. patent applications, with 154 being granted for semaglutide, the same active ingredient in Ozempic, Rybelsus and Wegovy. The report found that “the main compound patent for semaglutide as used in the three drugs was set to expire in March 2026, it said, but regulatory extensions have lengthened Novo's exclusivity until December 2031.” I-MAK estimates that this five-year period will grant Novo Nordisk an additional \$166 billion.
- **Patent Abuse On Just Four Blockbuster Drugs Cost \$3.5 Billion in Two Years.** An August 2025 [study](#) published in JAMA Health Forum found that lost competition due to Big Pharma's patent thickets on just four widely prescribed brand name drugs cost patients, taxpayers and the U.S. health care system more than \$3.5 billion in excess spending over two years.
- **There Has Been A “Whopping” 200 Percent Increase In The Number Of “Secondary” Patent Filings Pursued By Drug Makers Since 2000.** According to coverage from [STAT News](#) of an August 2023 [analysis](#) in JAMA, “there has been a whopping 200 percent increase in patents filed by companies that made few substantive changes to their drugs.” According to [STAT News](#), the analysis published in JAMA found that from 2000 to 2015, “The ratio of continuation patents increased from 0.6 for drugs that were approved in 2000 to 1.8 for drugs approved in 2015,” or a 200 percent increase. Meanwhile, “the ratio of the number of original patents for each FDA approval increased by just 15 percent.”
- **Amgen's Enbrel Patent Thicket Blocks Competition, Costing U.S. Health System \$2 Billion in One Year.** A January 2023 [analysis](#) from Matrix Global Advisors found that Amgen built an extensive “patent thicket” around Enbrel, systematically delaying biosimilar competition until at least 2029 and enabling more than thirty years of market exclusivity in the United States. The study estimated that this lack of competition cost the U.S. health system approximately \$1.9 billion in a single year.
- **AbbVie's Two-Decade Patent Scheme on Humira Blocked Competition and Raked in \$200 Billion.** While Humira finally faced its first competition in the U.S. starting in 2023, over the course of its more than 20 years on the market, AbbVie applied for more than [300 patents](#) on Humira, securing more than half of them. Ninety-four percent of the patents filed on Humira came after the drug was initially approved by the FDA. This strategy helped block competition for years, driving massive profits instead of true innovation, generating almost [\\$200 billion](#) for AbbVie. In 2022, the drug brought in more [money](#) for the company, \$21 billion, than all 32 teams in the NFL [combined](#), \$19 billion.
- **Merck's Keytruda Product Hopping Strategy.** Merck surpassed a major milestone in the brand name drug maker's latest scheme to further delay competition and maintain monopoly pricing on blockbuster cancer drug Keytruda — securing FDA approval for a new, subcutaneous version of the drug. As patent exclusivity on the current version of Keytruda approaches the end of its life, already significantly extended by patent abuse, Merck is following “a well-worn playbook...by develop[ing] a new version of the drug, given as a shot under the skin,” that will “keep Keytruda



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revenue flowing,” according to [The New York Times](#). The company expects “up to [40 percent](#) of Keytruda users” to shift to the new version of the drug, called Keytruda Qlex. Merck’s strategy is an example of product hopping, one of Big Pharma’s preferred patent abuse tactics for delaying competition from more affordable alternatives and keeping prices higher on their blockbuster drugs for longer.

- **Big Pharma Spending More on Stock Buybacks Than R&D:** A 2021 [report](#) from the U.S. House Oversight and Reform Committee found that over the preceding five years, the top 14 drug companies spent almost \$577 billion on stock buybacks and dividends – \$56 billion more than on research and development during that same time span.

TAXPAYER-FUNDED RESEARCH & DEVELOPMENT AND SMALL BIOTECH COMPANIES, NOT BIG PHARMA, LEAD ON TRUE INNOVATION

- **Big Pharma Profits From Taxpayer-Funded R&D.** A 2018 [study](#) from STAT News found, “More than \$100 billion in NIH funding went toward research that contributed, either directly or indirectly, to the 210 drugs approved between 2010 and 2016. That’s roughly 20 percent of NIH spending since 2000.” Big Pharma tries to justify out-of-control list prices by invoking the industry’s investments in innovation but leaves out of their rhetoric the fact that taxpayers carry much of the risk and cost of researching and developing new cures.
- **U.S. Taxpayers Funded Research For All 210 New FDA Approved Drugs Between 2010 And 2016.** A 2018 [report](#) in The Washington Post, titled “Big Pharma Is Hurting Drug Innovation,” found every single one of the 210 new drugs approved by the FDA from 2010 to 2016 received U.S. taxpayer funding for research and development. The story notes that “the companies that have access to this research are increasingly viewing pharmaceuticals in the same way that banks view their financial product — opportunities for short-term returns.”
- **Taxpayer Funded Research Also Contributed To Gilead’s Blockbuster HIV Prevention Treatment Truvada And COVID-19 Treatment, Remdesivir.** Brand name drug maker Gilead offers a case study in how Big Pharma capitalizes on taxpayer-backed innovation to fuel profits — and then engages in price hikes on these products the company had no role in developing. According to 2019 coverage in [The Washington Post](#), U.S. Centers for Disease Control and Prevention scientists spent years developing treatments and AIDS researchers spent \$50 million in federal grants to make major innovation breakthroughs on HIV prevention. The report notes, “Their work — almost fully funded by U.S. taxpayers — created a new use for an older prescription drug called Truvada: preventing HIV infection. But the U.S. government, which patented the treatment in 2015, is not receiving a penny for that use of the drug from Gilead Sciences, Truvada’s maker, which earned \$3 billion in Truvada sales last year.” Another [report](#) in 2020 from Knowledge Ecology International found U.S. taxpayer dollars funded “much of the preclinical and clinical research” behind Gilead’s COVID-19 treatment, Remdesivir.
- **Most True Innovation Comes from Smaller Biotechs, Not Big Pharma.** Industry analyses and innovation rankings consistently show that transformative biotech breakthroughs are more often driven by small, private biotech firms and startups than by the largest drug companies, which are more likely to focus on marketing, advertising and anti-competitive patent strategies rather than on genuine breakthrough R&D. According to a 2024 [report](#) from The Foundation for Research on Equal Opportunity, “Despite the claim that profits from large companies fuel innovation, high-value drug development emerges most often from unprofitable startup companies with fewer resources and substantially smaller revenue streams.” The report found that, “The majority of new drug development now takes place at startups with little to no commercial revenue,” with drug discoveries made by emerging companies tripling from 23 percent in 2013 to 75 percent in 2022.

BIG PHARMA INVESTS MORE BOLDLY IN PROFITS AND ADVERTISING TARGETING CONSUMERS THAN R&D

- **Big Pharma Moves DTC Ads to Social Media and Influencers, Evading Oversight While Promoting High-Priced Drugs.** November 2025 [research](#) from the Journal of the American Medical Association (JAMA) Network analyzed the staggering expansion of Big Pharma’s DTC advertising across non-traditional mediums like social



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media, which are less subject to oversight and regulatory guardrails than traditional media like television and radio. The study found brand name drug makers are increasingly investing in influencer content and digital strategies that look like ordinary personal stories or health tips but function as marketing designed to further push high-priced, blockbuster products.

- **FDA Commissioner Warns Big Pharma’s Consumer Ads Mislead Patients, Drive Up Drug Costs.** In September 2025, FDA Commissioner Marty Makary wrote an op-ed, published in [The New York Times](#), detailing how Big Pharma’s staggering spending on advertising directly targeting consumers misleads American patients and increases prescription drug spending. Commissioner Makary also called for reforms and highlighted the bipartisan momentum to hold brand name drug companies accountable.
- **Pharma Spent \$3.3 Billion in Marketing Top 10 Brand Drugs in Just One Year.** Fierce Pharma released a June 2025 [report](#) examining the brand name drugs with the biggest ad spend in 2024. For just these 10 brand name drugs, the pharmaceutical industry spent a whopping \$3.3 billion on marketing and advertising in 2024.
- **Pharma Ad Spending Triples in a Decade, Now Nearly 10 Percent of All U.S. Advertising.** According to a March 2025 [report](#) from AdWeek, the pharmaceutical industry’s “ad spend has grown from \$12.2 billion in 2015 to an estimated \$39 billion in 2025.” The report noted “[d]uring the same 10-year period, the pharmaceutical industry’s share of total U.S. ad spend expanded from 6.8 percent to a forecasted 9.8 percent.”
- **Big Pharma Spends \$14 Billion on DTC Ads, Costing U.S. Taxpayers Over \$1 Billion Annually.** A March 2025, [study](#) conducted by CSRxP that found Big Pharma spent nearly \$14 billion on DTC advertising in a single year, and that American taxpayers lose more than one billion dollars each year in tax revenue as pharmaceutical companies write off these marketing expenses to further pad their bottom line.
- **Seven of The 10 Largest Big Pharma Companies Spend More on Sales And Marketing Than R&D.** A 2021 [study](#) from AHIP found that Big Pharma spent more on advertising and selling its products in 2020 than investing in research and development. The study found that, “For this group of 10 companies alone, selling and marketing expenses exceeded R&D spending by \$36 billion, or 37%.” AHIP emphasized that, “this use of dollars occurred during a year dedicated to the development of new treatments and vaccines to overcome the COVID-19 crisis.”
- **Americans Overwhelmingly Blame Big Pharma for High Drug Prices, Support Holding Companies Accountable.** In February 2025, CSRxP released the [results](#) of public opinion research, conducted by Fabrizio Ward, showing American voters overwhelmingly hold Big Pharma responsible for high prescription drug prices and support market-based solutions to lower prices by holding big drug companies accountable, including for gaming the U.S. patent system to block competition.

About CSRxP: The [Campaign for Sustainable Rx Pricing](#) is a broad-based coalition of physicians, nurses, hospitals, consumers, health plans, pharmacy benefit managers, pharmacists and businesses promoting bipartisan, market-based solutions to lower drug prices. Learn more: www.csrxp.org

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