

# BIOPHARMACEUTICAL INDUSTRY IMPACT REPORT: *FLORIDA*

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PRESENTED BY:



## ABOUT THE REPORT



### *About PhRMA*

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading innovative biopharmaceutical research and biotechnology companies, which are devoted to discovering and developing medicines that enable patients to live longer, healthier, and more productive lives.

- **Since 2000, PhRMA member companies have invested more than \$550 billion in the search for new treatments and cures, including an estimated \$51.1 billion in 2013 alone.**

### *PhRMA Contact for Florida*

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# ECONOMIC IMPACT

## Economic Output

- The U.S. biopharmaceutical sector has a high multiplier effect – **in 2011, each job in a biopharmaceutical research company supported a total of more than four jobs across the economy**, ranging from biopharmaceutical manufacturing jobs and construction, to business services and child care providers.
- In 2012, the **Bureau of Labor Statistics identified biopharmaceutical manufacturing as one of the few high-tech manufacturing sectors it projects will experience future job growth.**
- Economic output represents the value of the goods and services produced by a sector. In 2011 the biopharmaceutical sector **directly generated \$7.3 billion in economic output in Florida, and supported another \$8.7 billion** through its vendors and suppliers and through the economic activity of its workforce.

## Growth

- According to BioFlorida, a trade association representing 3,000+ of the state's bioscience industry organizations, there are more than 5,102 companies and organizations working in the biosciences in Florida covering everything from discovery research through commercialization.

## Wages

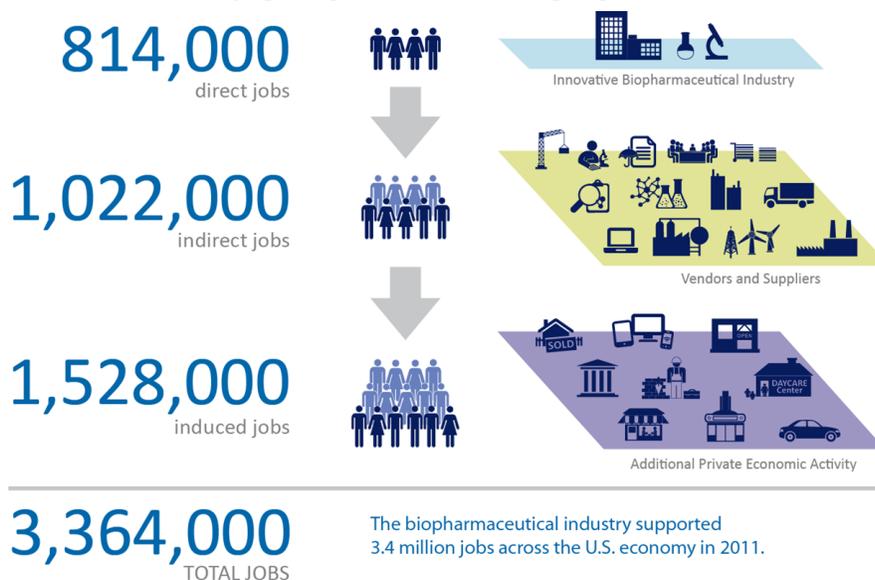
- For all occupations involved in the biopharmaceutical sector, the average wage is higher than across all other private sector industries: in 2011, the average total compensation per direct biopharmaceutical employee was \$73,308, which is significantly higher than the average compensation per U.S. worker of \$46,955.

## Taxes

- Direct biopharmaceutical wages and benefits in Florida were estimated to be \$1.6 billion in 2011, resulting in an **estimated \$270 million in federal taxes and \$6.1 million in state taxes.**

**\$16B**  
**TOTAL**  
**ECONOMIC**  
OF THE BIOPHARMA INDUSTRY IN FL

## JOBS IN THE U.S.



## JOBS IN FL

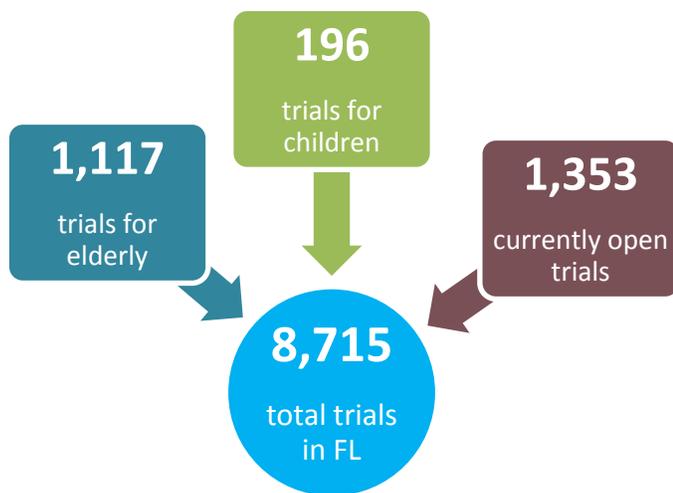


# CLINICAL TRIALS

## Clinical Trials

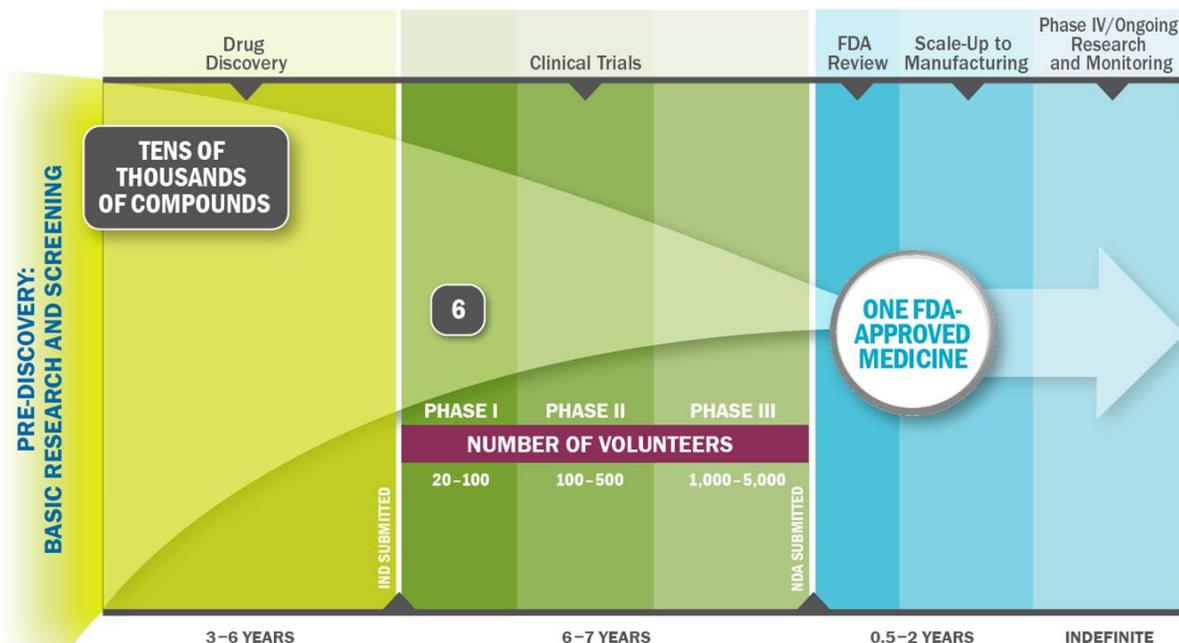
- More than **8,715 clinical trials** have been conducted since 1999 by biopharmaceutical research companies in Florida. Those trials have been conducted in collaboration with local research institutions in the state and 1,353 of those trials are still underway and recruiting patients.
- Of the 1,353 clinical trials, **196 are targeting treatments for children**, while **1,117 include treatments for seniors and older adults**.
- Clinical trials account for about half of the **average \$1.2 billion cost of developing a new drug** and are a good revenue source for local institutions.

### INDUSTRY-SPONSORED CLINICAL TRIALS IN FL SINCE 1999



There are three phases of clinical research:

- **Phase 1** trials test a compound in a small group (e.g., 20 to 100) of healthy volunteers to determine the safety of the compound.
- **Phase 2** trials test the compound in a somewhat larger group (e.g., 100 to 500) of volunteers who have the disease or condition the compound is designed to treat. Phase 2 trials determine effectiveness of the compound, examine possible short-term side effects and risks, and identify optimal dose and schedule.
- **Phase 3** trials test the compound in a much larger group (e.g., 1,000 to 5,000) of participants to generate statistically significant information about safety and efficacy and to determine the overall benefit-risk ratio.

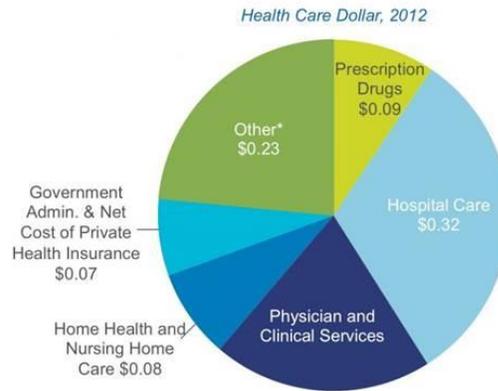


# COST OF MEDICINES

## Spending on Medicine Has Grown at Historically Low Rates

Government and independent data show that **spending on prescription medicines has grown at historically low rates for a sustained period.** Future spending growth is expected to remain low and government agencies have repeatedly lowered their cost projections.

- Spending on brand medicines alone decreased even more dramatically than overall spending, declining by nearly 5 percent in 2012. This compares to an overall prescription drug spending decrease of 1 percent.
- IMS reports that 86 percent of all prescriptions filled in 2013 were filled with generics, up from 67 percent five years earlier. This trend is projected to continue, with generics accounting for 87 percent of all prescriptions filled by 2011, and many brand medicines are going generic in the next few years.



\*Other includes dental, home health, and other professional services as well as durable medical equipment costs.

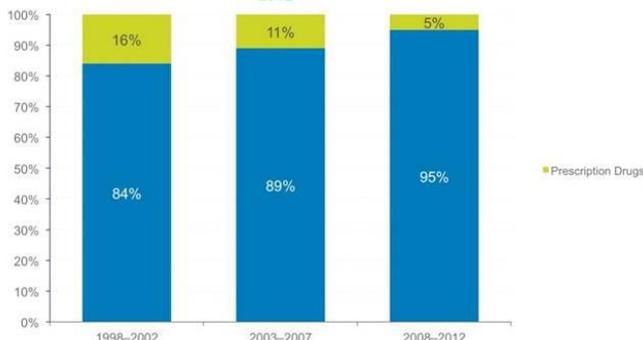
Source: PhRMA analysis based on CMS<sup>1</sup>

- These savings are part of the prescription medicine lifecycle, which begins when innovator biopharmaceutical companies produce medical advances through pioneering scientific work and large-scale investments, leading over time to generic copies that patients use at low cost for many years. Without the development of new medicines by innovator companies, neither the new treatments essential to progress against disease nor generic copies would exist.
- IMS projects that future growth in prescription drug spending will remain at historically low levels, averaging 1 percent to 4 percent per year between 2013 and 2017. IMS also projects that spending on medicines will grow more slowly than overall health spending through 2017.

## Better Use of Medicine Can Lower Health Care Costs

Based on a large body of research showing that better use of medicines can reduce spending on other medical services, CBO recently adopted an historic scoring change that will credit Medicare policies that increase use of medicines with savings on other Medicare costs. Similarly, Harvard researchers report savings on hospital and skilled nursing facility costs of about \$1,200 per newly insured Part D beneficiary in 2007. This equals overall Medicare savings of \$13.4 billion, more than 1/4th of Part D's total cost during the program's first full year.

Growth in Health Care Expenditures Attributable to Prescription Drugs, 1998–2012



Source: CMS<sup>2</sup>

Likewise, according to another study, every additional dollar spent on medicines for adherent patients with congestive heart failure, high blood pressure, diabetes and high cholesterol generated \$3 to \$10 dollars in savings on emergency room visits and inpatient hospitalizations.

# APPROPRIATE USE AND DISPOSAL OF MEDICINE

## *Preventing Prescription Drug Abuse*

PhRMA member companies have taken a strong, multipronged approach involving all relevant stakeholders in addressing this issue, and look to address prescription drug abuse without negatively impacting patient access to needed therapies. This is especially important in Florida, where the National Survey on Drug Use and Health recently found:

- Approximately 8.32 percent of Florida residents reported past-month use of illicit drugs; the national average was 8 percent. Source: WhiteHouse.gov, Florida Drug Control Update.
- The rate of drug-induced deaths in Florida is higher than the national average.

The pharmaceutical industry's efforts to prevent prescription drug abuse include promoting the appropriate use of prescription medicines, adherence and safe disposal as well as prescription drug monitoring programs (PDMP).

PDMPs track controlled substances prescribed by authorized practitioners and dispensed by pharmacies. PDMPs serve a number of functions, including assisting in patient care, providing early warning signs of drug epidemics, and detecting drug diversion and insurance fraud.

**PDMPs are critical to reversing the nation's prescription drug abuse problem.** The programs help combat "doctor shopping" by preventing abusers from obtaining multiple prescriptions from different prescribers if providers check the database before offering a prescription. Pharmacists can also check previous prescription fills before dispensing medicines.

## *Safe Disposal of Unused Medicine*

PhRMA companies are good corporate citizens; in addition to researching new medicines that save lives, PhRMA member companies have long supported local efforts at safe medicine disposal. At the outset, PhRMA encourages patients to follow their health care provider's instructions regarding completion of the full course of treatment with their prescription medicines. Patient compliance with these instructions will minimize the presence of unused prescription medicines in the home.

In situations where consumers do have unused medicines in the home, PhRMA believes that it is important to provide the information necessary to allow them to dispose of unused pharmaceutical products promptly and easily.

"In-home" disposal is the easiest option to safely dispose of unused or expired medication.

- Remove unwanted medicines from containers.
- Place the unused medicines in a sealed plastic bag or container and discard with normal household trash.
- To the extent that children or pets are present in the household, consumers may wish to mix coffee grounds, cat litter, or other unpalatable home waste in with the unused medicines before sealing the mixture in a plastic bag and discarding it with normal household waste.

"Technology plays a critical role in our comprehensive efforts to address our nation's prescription drug abuse epidemic. [...] The goals are to improve real-time data sharing, increase interoperability among states, and increase the number of people using PDMPs."

- **Gil Kerlikowske, White House Office of National Drug Control Policy (ONDCP) Director**

# CONNECTING WITH PHRMA

## *Find Us Online*

### **PhRMA**

- Website: <http://www.phrma.org>
- Facebook: [www.facebook.com/PhRMA](http://www.facebook.com/PhRMA)
- Blog: [www.phrma.org/catalyst](http://www.phrma.org/catalyst)
- Twitter: @PhRMA