

Executive Summary

In 2021, our net prices declined for the fifth year in a row. Yet even as the net prices paid by commercial insurers, pharmacy benefit managers (PBMs) and government programs continue to decrease, **patients face ever-increasing cost-sharing burdens.**

1 Net Prices for Our Medicines Have Declined for the Fifth Year in a Row

↓ -2.8% Average net price decline of Janssen medicines in 2021^a (compared to the 2021 consumer inflation rate of 7%)^b

2 Rebates and Discounts to Commercial Insurers, PBMs and Government Programs Have Grown

\$33.9B Total amount Janssen paid in **rebates, discounts and fees** to commercial insurers, government programs and others in the healthcare system in 2021^a

3 Insurance Design Shifts More Costs to Sicker Patients

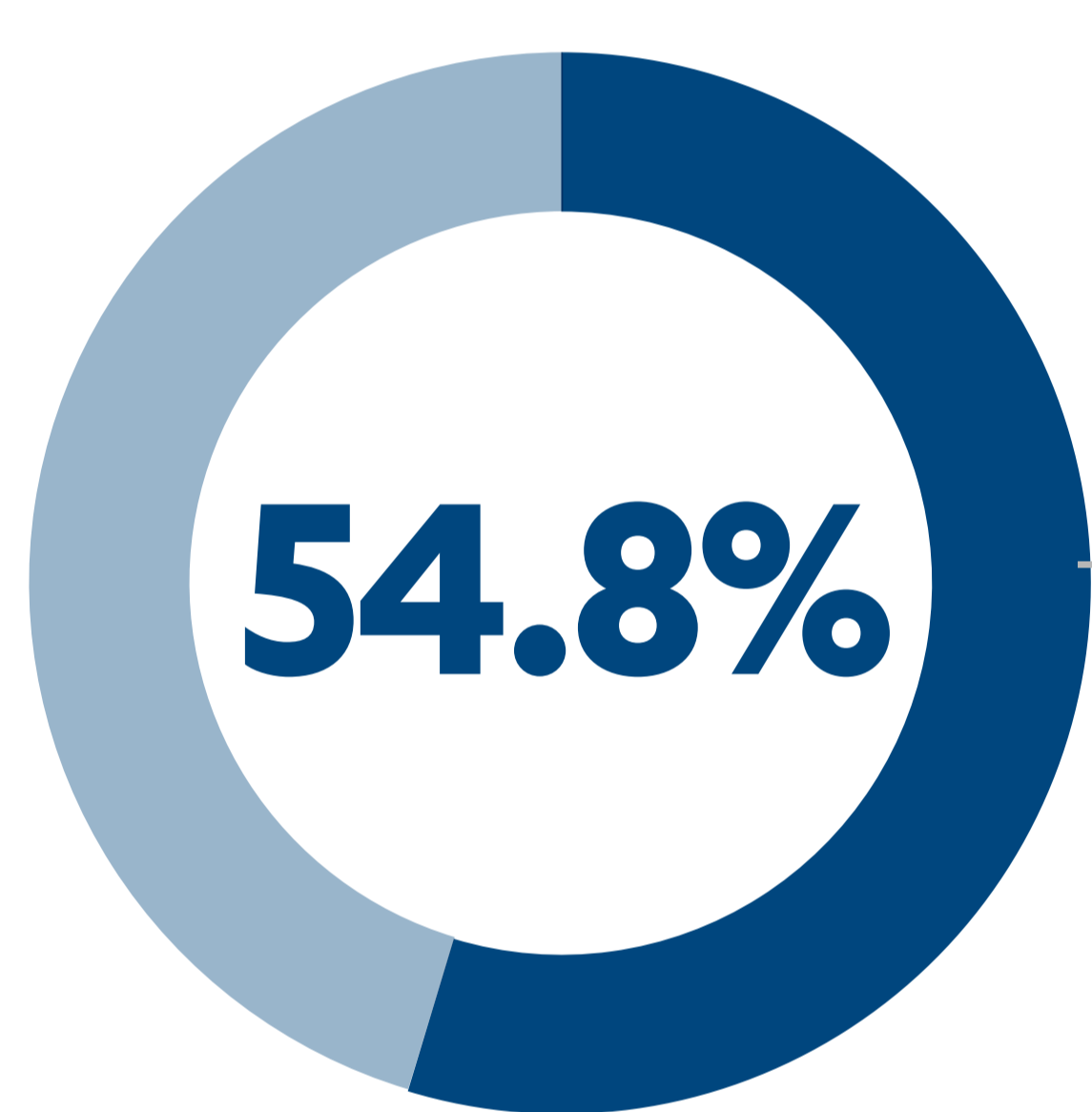
64% of covered U.S. workers face an **in-network out-of-pocket cost maximum above \$3,000**—an all-time high, up 83% since 2010 (then 35%)^c

\$28.1B

Total annual patient costs for coinsurance^d

3X

Increase in average deductible since 2006^e



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

2021 Rebates, Discounts & Fees by Channel^a

(AVERAGE OFF LIST PRICE 2016-2021)

VA/DOD

\$1.4B

(57%)

Medicaid

\$3.4B

(55%)

Medicare

\$4.6B

(50%)

340B

\$6.4B

(66%)

Commercial Market

5x increase from 2016

\$8.3B

(38%)

Supporting Our Nation's Healthcare Innovation Ecosystem

We are proud of our historical investments that have supported the nation's healthcare innovation ecosystem, which is helping **make disease a thing of the past.**

Like any healthy ecosystem, it depends upon many elements supporting and sustaining each other. In this ecosystem, biopharmaceutical contributions to R&D spending accounts for the lion's share of all investments in medical research.^e

\$11.9B

In 2021, we increased our global R&D investment for new medicines to **\$11.9 billion (up from \$9.6 billion in 2020)**.^a

>100%

In 2021, R&D spending was **more than double** our spending on sales and marketing.^a

\$54.1B

Since 2016, we have invested **\$54.1 billion** in researching and developing the next generation of treatments and cures.^a

Our Solutions to Address the Nation's Healthcare Challenges

We continue to advance solutions that promote innovation, reduce inequity and improve affordability. We work with policymakers and other stakeholders to address this country's healthcare challenges and build on its significant strengths, offering solutions that:



Ensure rebates negotiated by pharmaceutical manufacturers for commercial insurer coverage of medicines go directly to the patients who need them.



Address the barriers to access created by insurance benefit design with unaffordable cost-sharing and exclusionary tactics.



Reduce racial and socioeconomic disparities standing in the way of better health outcomes.



Preserve the unique innovation ecosystem that fosters medical advances and encourages investment in R&D necessary for those transformational medical advances to help patients.

a. Figures according to Janssen internal financial accounting.

b. Bureau of Labor Statistics. "Consumer Price Index: 2021 in Review." January 14, 2022. <https://www.bls.gov/opub/ted/2022/consumer-price-index-2021-in-review.htm>.

c. Kaiser Family Foundation, 2021 Employer Health Benefits Survey, p. 100. November 10, 2021. <https://www.kff.org/report-section/ehbs-2021-summary-of-findings>.

d. Howell, S., Yin, P. and Robinson, J. "Quantifying the Economic Burden of Drug Utilization Management on Payers, Manufacturers, Physicians, and Patients." *Health Affairs*. August 2021. <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2021.00036>.

e. Research America, "U.S. Investments in Medical and Health Research and Development 2016-2020." January 2022. <https://www.researchamerica.org/sites/default/files/Publications/Research%21America-Investment%20Report.Final.January%202022.pdf>.