Bristol Myers Squibb™

Statement of

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before the

Committee on Health, Education, Labor, and Pensions
U.S. Senate

February 8, 2024

Chairman Sanders, Ranking Member Cassidy, and Members of the Committee, thank you for the opportunity to testify today on behalf of Bristol Myers Squibb ("BMS"). I appreciate the chance to speak about BMS's groundbreaking work and efforts to enhance access to our innovative medicines for patients. I am proud to testify on behalf of a company that is committed to transforming patients' lives through science.

At BMS, our mission is to discover, develop, and deliver medicines that help patients prevail over serious diseases. Our record of innovation has changed the outlook for countless patients. Groundbreaking BMS therapies helped transform HIV/AIDS from a death sentence into a chronic condition. Today, our medicines allow people with heart disease, cancer, diabetes, and autoimmune disorders to live longer and healthier lives.

We are not content, however, to rest on our more than 150-year legacy of scientific innovation and are dedicated to developing the next generation of breakthroughs. We are pushing the boundaries of science to treat debilitating diseases, such as cancer, Alzheimer's, and multiple sclerosis, where unmet needs remain. As we look ahead, we are focused on introducing novel treatments in areas we know best: oncology, hematology, immunology, cardiovascular disease, and neuroscience.

We are also focused on increasing access to our medicines. Patients in the United States get new medicines sooner than any other country in the world. That's a significant benefit. But we recognize that patients must be able to afford our medicines to achieve the clinical outcomes those medicines bring. BMS has long worked to enhance access to our innovative medicines for patients, while maintaining an environment that enables investments in cutting-edge science to deliver life-changing treatments, and we remain committed to working with Congress to do so.

Our commitment reaches beyond our medicines. BMS supports programs, initiatives, and organizations that improve health, broaden research opportunities, bolster STEM education, and bring essential human services to our communities. We also promote health equity and strive to increase access to life-saving medicines for populations disproportionately affected by serious diseases. From 2020 to 2023, BMS provided more than $118 million in grants and

donations to non-profit organizations and independent medical educational partners for more than 750 health equity projects.

Having spent more than two decades in the biopharmaceutical industry, I joined BMS nine years ago because of its dedication to improving the lives of patients. I became CEO in November 2023 and am honored to be leading this great company through its next chapter.

During my tenure, I have developed a deep admiration and respect for the over 30,000 dedicated BMS employees in the United States and around the world who harness their intellect, expertise, hard work, and passion on behalf of the patients we serve. From our scientists in the lab, to our manufacturing teams in our facilities, to our patient outreach teams in the field, I am proud to work alongside my BMS colleagues, who are dedicated to creating and delivering life-changing medicines to patients in need.

BMS's Emphasis on Expanding Patient Access

The United States has built a healthcare system that prioritizes the important role of patient choice and broad, rapid availability of cutting-edge medicines. Patients and their physicians in this country have access to more unique medicines than in any other country. This access is critically important because different medicines can have different side effects or safety profiles, different mechanisms of action, and different efficacies at stages of disease, such that the leading or most obvious therapy may not be the most appropriate. By providing physicians in the United States with more options, we give them the ability to choose the best treatment for their patients and offer potentially better outcomes.

Despite the many benefits of the United States system, we acknowledge that patient affordability is a significant issue. It is also one of the least understood. The United States has a unique and complex healthcare landscape, replete with conflicting pressures and perverse incentives driving the system. Many of these factors exert strong influence on patient access and the price patients actually pay for their medicines.

Manufacturers give significant rebates, discounts, and payments to intermediaries between us and patients in the pharmaceutical supply chain. BMS has provided these intermediaries with over $96 billion dollars of rebates, price concessions, and other discounts and fees over the last five years across our portfolio. But patients are not seeing the financial benefits of the sizable discounts because intermediaries are not required to pass on discounts to patients when they fill their prescriptions at the pharmacy counter.

Additionally, the United States healthcare system has not yet evolved to account for the economic benefits of highly specialized innovative medicines that contribute substantial value to patients and the system. For example, a patient on the right medicine may avoid serious or life-threatening medical interventions. This in turn also provides cost savings to the healthcare system by reducing expensive and high-burden hospital stays and conserving capacity.

We share your concerns about what patients pay for prescription medications, and we appreciate your work to examine this key public policy issue. It is our collective—and critical—

responsibility to ensure that patients receive the medicines they need. BMS invests billions in patient support programs with that objective in mind. Although patient support programs are an imperfect solution to these challenges, I am proud of our efforts to help patients access our medicines. Over the past five years, we have spent more than $2.5 billion on copayment assistance for commercially insured patients, helping patients receive medicines such as Eliquis, which treats and prevents blood clots. We broadened our existing patient support programs to help eligible patients in the United States without health insurance due to pandemic-related job loss.

We also contribute to organizations that help support patients in need. For instance, over the last five years, BMS donated over $12 billion in free medicines to the Bristol Myers Squibb Patient Assistance Foundation. The Foundation is an independent organization that promotes health equity and improved health outcomes for populations disproportionately affected by serious diseases. It supports community-based programs that promote cancer awareness, screening, and care among high-risk populations. In addition, BMS made cash donations to independent charitable organizations to support patients in the United States.

BMS also supports comprehensive efforts across the continuum of care, including projects to train community health workers and patient navigators to help underserved patients navigate the healthcare system. In March 2023, we announced $10 million in grants to be made that year to 17 United States organizations that address social determinants of health. These grants support organizations striving to improve health in the United States, including through healthcare access and literacy and by integrating social care and healthcare to reduce health disparities.

BMS's Commitment to Bringing More Innovative Medicines to Patients Through Research and Development

We are proud to have a promising pipeline of innovative medicines that will allow us to continue delivering cutting-edge treatments to patients. BMS is investing in leading scientific programs, including in our core areas of oncology, hematology, immunology, cardiovascular disease, and neuroscience. Over the past 10 years, BMS devoted over $65 billion—more than 21% of our total revenue—to research and development ("R&D").[1] In 2022, we conducted more than 460 clinical trials.

In fact, our investment in R&D as a percentage of total revenue consistently ranks among the highest of any large company in <u>any</u> industry globally. In the 2023 EU Industrial Research and Development Investment Scoreboard, BMS ranked 15th for total R&D spending among all companies worldwide.

Our investment in R&D has resulted in vastly improved outcomes for patients. For example, BMS is a pioneer in the field of immuno-oncology through the development of three medicines: Yervoy, Opdivo, and Opdualag. Prior to the development and introduction of immuno-oncology treatments for metastatic melanoma, outcomes were generally quite poor,

[1] Based on non-GAAP calculations.

with a median life expectancy of only 6 to 9 months after diagnosis. Today, thanks to these therapies, survival rates have significantly improved among patients with metastatic melanoma. Long-term follow-up studies have demonstrated a median life expectancy of over six years with the combination of Opdivo and Yervoy.

Our investment of over $65 billion in R&D over the past decade is fueling the next wave of new treatments for areas of high unmet need. Our R&D pipeline includes potential treatments across a range of platforms, including those that harness the frontiers of genomics to translate that knowledge into gene therapies, cell therapies, RNA oligonucleotides, and other novel modalities. With our CAR T cell therapies, for example, we can now target cancer with a type of immunotherapy that works with a patient's own immune system by reprogramming their T cells. With a single treatment, CAR T cell therapy has been effective at producing durable responses in patients where other treatment options stopped working. BMS is the only company with two cell therapies approved against two distinct targets, and we are pursuing opportunities to bring them to more patients who may benefit.

Overall, we have more than 45 novel compounds in development, with more than 40 disease areas under study. We are conducting late-stage studies for medications to treat various solid tumors, multiple myeloma, Crohn's disease, lupus, and atrial fibrillation. And we are leveraging our expertise in protein homeostasis, immunology, and inflammation to tackle neurological and neuromuscular diseases with new approaches.

Our R&D efforts are not limited to discovering new compounds. We are constantly researching how we can use existing products to provide additional benefits to more patients through new indications and formulations. We are currently running and partnering with other innovators in more than 15 late-stage studies involving existing products.

Our commitment to innovation and to patients also includes establishing strategic partnerships with other biotechnology leaders and acquiring companies that benefit from our global scale and expertise to bring medicines to patients faster. We offer deep scientific leadership, resources, and abilities to invest in research and development programs and highly developed commercial, manufacturing, and supply chain operations. This global scale and range of expertise enables us to reach the greatest number of patients worldwide. Our recently announced plans to acquire RayzeBio and Karuna Therapeutics demonstrate this commitment. We are excited about the potential of Karuna's KarXT, a late-stage developmental medicine with a novel mechanism of action aimed at schizophrenia and other psychological disorders. If approved, KarXT would represent the first new pharmacological approach to treating schizophrenia in several decades.

R&D is complex and resource-intensive, often lasting 14 years or more for a particular compound. Results are far from guaranteed. In fact, the majority of our R&D efforts do not result in a medicine that we can deliver to patients. For instance, last year we had to discontinue two late-stage clinical trials into which we had invested multiple years and many millions of dollars. One was a phase-three trial that evaluated one of our existing medicines, Opdualag, for treating colorectal cancer. We invested more than $80 million and devoted thousands of hours of employee time to this research, which ultimately failed. In another case, after more than six

years of research, we had to end a study evaluating a combination of our medicines, Opdivo and Yervoy, for advanced treatment of renal cell carcinoma. We invested over $130 million in that study alone.

Because we pursue a wide range of possibilities on the cutting edge of science, we know that some of our research will not culminate in new treatments. Failures are an inevitable part of the process by which we develop new treatments, and we learn from them along the way. Our successes allow us to try. Those successes are a critical engine in our ability to continue to invest in new medicines, allowing the United States to lead the world in bringing new treatments to patients.

The Disadvantages of International Pricing Systems

Rules and regulations regarding the pricing of medicines vary widely by country. Some countries, such as Canada, the U.K., Germany, France, and Japan, essentially allow the government to set pharmaceutical prices. In effect, governments in those countries make choices for patients—choices that often result in patients having access to fewer innovative medicines, and waiting much longer for new medicines as compared to patients in the United States. These delays can be attributed to a variety of factors, including waiting for the government to complete reimbursement assessments, challenges with subpopulation coverage, or a failure to appropriately value innovation.

In Canada and most European Union countries, the government regulates the pricing of a new medicine at launch through some combination of clinical and economic assessments, price negotiations, and international reference pricing. Prices are often reevaluated and further controlled after a medication has been introduced. Patients pay a significant price for these pricing schemes in the form of delays to access. For example, only about 45% of new medicines available globally have been introduced in Canada—compared to 85% in the United States. In France, Italy, and Japan, this figure is below 55%. The United States launched 94% of new cancer medicines from 2012 through 2021, while the same figure for the average OECD country was 49%. These figures are startling, reflecting dramatic differences in access to medicines around the world.

Patients outside the United States also often face longer wait times and obstacles before getting the medicines they need. According to a report published last week by the United States Department of Health and Human Services, medicines launch in the United States an average of one year before they launch in other major OECD markets. Other studies found that on average, there is an 11-month delay from a medicine's first launch globally to its availability and reimbursement in Germany, a 17-month delay in Japan, a 27-month delay in the U.K., and a staggering 52-month delay in Canada. Patients with multiple myeloma in the U.K. waited four years after the United States launch for BMS's medicine, Revlimid—a medicine that significantly improves outcomes. Canadian patients did not gain access to Opdivo and Yervoy for melanoma until more than 3.5 years after patients in the United States. Patients in Spain, Japan, Denmark, Australia, and other countries are still waiting for access to Camzyos, the first new treatment in decades for obstructive hypertrophic cardiomyopathy, which was approved in the United States in 2022.

By contrast, the United States is generally first in the world for launching new medicines, and patients usually benefit from access to new medicines within days of regulatory approval. The United States healthcare system has allowed Americans to have access to more new innovative medicines sooner than any other country.

This access generally translates into better outcomes to save and extend lives. For example, while it is challenging to precisely quantify and compare across different countries the impact of delayed access to anticancer therapy on survival outcomes, there is broad agreement that prompt access to effective treatments is a fundamental necessity, and it yields positive outcomes on patients, healthcare systems, and society in general. These outcomes include: lower mortality and avoidable deaths; gains in quality of life for patients, family members, and caregivers; lower healthcare costs; and avoidance in loss of productive employment for patients and caregivers, ultimately lowering costs to the national economy.

BMS's Value-Focused Pricing Philosophy

We believe the prices of our medicines should reflect their benefit to patients, healthcare providers, payers, and society—both at launch and in future years. Guided by this belief, we price our medicines based on three primary factors, including aligning to the value of scientific innovation, investment into research and development, and our ability to provide rapid and sustainable access for patients, among other considerations. That means we look at longevity gains, clinical outcomes, and quality of life, as well as economic impact and productivity gains generated by a healthy population with more options to treat illnesses. We also consider our ability to sustain our research and development investment and to work with payers to secure access, so patients can have coverage for our medicines when needed.

Our product Eliquis, an oral medicine that inhibits a key blood-clotting protein, provides a good example of our approach to pricing. Over the past few years, Eliquis has become the standard of care for decreasing blood clot formation in patients—it is prescribed millions of times each year, and is the most prescribed branded medicine in Medicare Part D. However, it ranked 540th in Medicare spending per patient in 2021. Eliquis can lower the risk of a stroke and prevent deep vein thrombosis and embolism, and it is commonly used to prevent blood clots following certain surgeries. Because Eliquis can help prevent very serious medical conditions that require hospitalization or other expensive medical treatments, numerous studies have demonstrated that Eliquis provides substantial savings to our healthcare system, such as reduced hospitalization and institutional costs. Without the benefits of Eliquis, many patients would have substantially worse medical outcomes, and the healthcare system would face dramatically higher costs. For every 100,000 patients, we estimate that Eliquis offers patients and healthcare systems a $4.9 billion consumer surplus over older, generic products. This value to patients and to the entire United States healthcare system is reflected in the price of this medicine.

Path Forward

The United States healthcare system prioritizes patient choice and access in a way other healthcare systems do not, but it is far from perfect. The system is mired in complexities and incentives that frustrate our efforts to meet patients' medical needs. These hurdles range from

complex rebates, to high copays and deductibles, to federal rules that restrict our ability to assist patients in federal healthcare programs. I welcome the opportunity to work with your Committee and others in Congress to resolve these issues in our healthcare system. Ensuring access to medicines involves more than just the companies that discover and develop them—it requires the active engagement of the entire ecosystem of governments, payers, healthcare providers, pharmacies, and hospitals. BMS supports policies that remove barriers and perverse incentives in the system and focus on patient out-of-pocket costs. We believe we can do this without harming innovation. BMS stands ready to work with Congress to address affordability and eliminate barriers in the system that fail to pass discounts and rebates to patients, but this cannot be done in a vacuum. The measures we support include: expanding value-based contracting for which there are regulatory impediments today; incentivizing competition and production of biosimilars and generics to ensure a steady supply in the United States; and passing rebates on to patients at the pharmacy counter to address the incentives in a complex system that drive up list prices.

As BMS continues to strive to enhance patient access, we are also committed to ensuring that we have the resources to fund cutting-edge R&D and to attract the private capital needed to do so. We also believe that policymakers should adopt and defend policies that promote innovation. Government policy should encourage innovators to take big risks and invest substantial sums, by promising a return on those efforts for a reasonable period of time. Such policies are the reason that the United States is a leader globally in medical innovations and developing new therapies. At BMS, we are eager to continue driving these efforts.

Again, I am proud to speak here today on behalf of BMS, where we believe patients in the United States should not be deprived of their choice to access the best, most recent technologies and advancements in medicine. I look forward to answering your questions about how we can meaningfully address healthcare costs and patient access.