Johnson&Johnson

Statement of

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Chairman Sanders, Ranking Member Cassidy, and Senators of the Committee, I am the Chief Executive Officer of Johnson & Johnson and the Chairman of the Board of Directors, positions I assumed in January 2022 and 2023. I joined Johnson & Johnson in 1989, and for the first thirteen years of my tenure, I held various executive positions with the company in Europe. Over my thirty-five years with the company, I have held roles in both our Innovative Medicine sector and MedTech sector. As I have practiced and witnessed throughout my career, Johnson & Johnson's decision making is guided by the values set forth in Our Credo, first adopted in 1943, which states that our first responsibility is to the patients, doctors, nurses, parents, and all others who use our products and services. This responsibility extends to both the patients who need our innovative medicines today to treat some of the most challenging and life-threatening diseases, and to the patients of tomorrow, who need us to continue to research cures and treatments for the unmet medical needs that they will face in the future.

Johnson & Johnson has collaborated with this Committee over several decades to advance the important work of pursuing novel healthcare solutions that benefit patients. Our engagement with the Committee has contributed to the efforts to address the mental health crisis, modernize the biopharmaceutical and medical technology regulatory pathways, provide critical access to affordable medicines and medical technologies, examine frameworks for use of artificial intelligence in health, enhance diversity in clinical trials, ensure pandemic preparedness, and support frontline healthcare workers and their daily challenges. I have long admired this Committee's ability to find common ground and deliver solutions for patients. Having held roles in the United States and Europe, and as a dual citizen of the United States and Spain, I understand well the global challenges and complexities of healthcare innovation and delivery.

I am grateful for the opportunity to discuss these issues, and Our Credo values that shape Johnson & Johnson's approach to pricing for our innovative medicines. I look forward to sharing with you our perspectives on how we may collaborate to improve access to and affordability of medicines for all Americans, while continuing to bring to patients the life-changing and life-saving medicines that are the hallmark of American healthcare.

Introduction

Johnson & Johnson's drug pricing decisions integrate our commitment to bringing innovative therapies to the patients who need them today, and our dedication to continuous research, innovation, and development of the next generation of medicines across dozens of diseases for the patients of tomorrow.

In furtherance of those objectives, we price our therapies, first and foremost, based on the ***value*** that our therapies bring to patients, the healthcare system, and society. Johnson & Johnson focuses on developing transformational therapies that address challenging and complex unmet medical needs. Our drugs improve patients' quality of life and survival rates, while also reducing overall healthcare costs, for example, through fewer surgeries and hospital admissions. The pricing of our medicines reflects these important life-saving, life-enhancing, and financial benefits.

Second, we price our medicines to further our commitment to patient ***access***. To that end, Johnson & Johnson pays significant rebates, discounts, and fees to pharmacy benefit managers (PBMs), payors, and other "middlemen" in the healthcare system. It is our intent in making those concessions that patients benefit from these cost savings, not these intermediaries. To foster an open dialog regarding the appropriate recipients of these savings—PBMs, payors, or patients—we started publishing information about our pricing six years ago in our annual Transparency Report, available online for all to review. As detailed in the most recent issue, the average net price of our medicines declined for the sixth year in a row, and cumulatively by almost 20% over that period. During that same timeframe, consumer prices rose by more than 20%, which equates to a decline in the real, inflation-adjusted pricing for our drugs of more than 40%. The decline in our average net price is due in large part to the increased amounts paid to these middlemen. In 2022 alone, our average net price declined by 3.5%, attributable to our payment of $39 billion in rebates, discounts, and fees to others in the healthcare system—constituting almost 60% of the average list price of our drugs.

In addition to these price reductions, Johnson & Johnson furthers patient access by funding patient assistance programs designed to help manage copay obligations and provide free medicines to underinsured patients. As the Transparency Report details, in 2022, these patient assistance programs helped more than one million underinsured patients access Johnson & Johnson therapies their doctors prescribed. We also donated $3.8 billion in free products and other financial support through independent programs and foundations to help uninsured patients obtain the therapies they need.

Third, we price our products to allow us to meet our commitment to ***innovate*** and develop new and novel medicines for the patients of today and tomorrow. To do so, we must price our existing medicines at levels sufficient to cover the investment required to pursue the development of broad portfolios of new drug candidates. The requisite investment is massive, as the average cost of bringing a drug candidate through clinical trials to patients is $2.6 billion over ten years, across the industry. Moreover, we must pursue numerous drug candidates on parallel tracks because, across the industry, approximately 90% of the drugs that enter clinical trials (and 92% of cancer drugs) fail before they can make it to market. Even after a drug is approved and reaches patients, only around 20% to 30% of new drugs recoup the significant

investments necessary to bring them to market. Consequently, Johnson & Johnson's pharmaceutical research and development spending is enormous, with an investment of $77.7 billion since 2016, $11.6 billion in 2022, and $12 billion in 2023. To our knowledge, this is one of the largest annual investments in research and development made among any of our biopharmaceutical industry peers. Accordingly, we must price our drugs both to recover funds for the investments made and to allow us to continue these efforts—including investments in promising drug candidates that ultimately fail and therefore generate no revenue.

Despite the tremendous investment required to sustain the flow of new medicines, drug costs in the United States have not increased appreciably as a percentage of overall healthcare costs in over a decade. Moreover, the level of drug costs as a percentage of total healthcare spending in the United States is about 14%, slightly below the average for other major markets. In some instances, the prices of drugs in the United States are higher than in other countries—and so are the costs of other healthcare services in the United States. This spending allows patients in the United States to receive cutting-edge healthcare as compared to patients elsewhere in the world, including obtaining markedly earlier and broader access to breakthrough innovative medicines.

Conversely, there is one notable attribute of the U.S. healthcare system that differentiates it from other countries in a way that is detrimental to patients. The United States healthcare system alone imposes onerous copayment obligations on patients, which are becoming harder for patients to meet and are undermining access and health equity. There is broad agreement among experts and policymakers that the copayment obligations imposed by both government programs and private insurers is a primary reason for patients' failure to complete prescribed courses of drug therapy, even with regard to cancer and other life-threatening diseases. Remarkably, as the Government Accountability Office found when analyzing the most highly rebated Part D drugs, patients' copay obligations often exceed payors' net costs for those drugs because rebates and other incentives paid by manufacturers to payors are not passed on directly to patients. The diversion of those price reductions from patients to middlemen is one reason that copayment obligations are neither an equitable nor effective means for controlling drug prices. We support the following proposals that have been advanced to address this inequity and to ensure patients receive the full course of drugs prescribed by their physicians.

First, we agree that patient copayment obligations should be reduced. The imposition of lower caps on out-of-pocket costs for Medicare patients under the Inflation Reduction Act (IRA) is a good first step. But access problems remain across multiple markets. Policymakers should closely monitor the effect of these changes to ensure they improve patient access in practice and, in addition, consider ways to reduce cost sharing in the commercial market.

Second, Congress or the Centers for Medicare & Medicaid Services (CMS) should stop payors, PBMs, and their agents from taking for themselves the copayment assistance that Johnson & Johnson and other companies intend for patients by eliminating the economic incentive to do so. As nineteen Senators recognized in a recent letter to CMS, certain payors and PBMs have been capturing for themselves the benefits of copay assistance by excluding the patient assistance payments when assessing whether patients have met the copayment caps imposed by law. The economic effect of these programs—with benign-sounding names like

"accumulators," "maximizers," and "alternative funding programs"—is to divert the patient assistance from patients to payors. These programs should be barred, and patients should be allowed to receive the intended benefits of the assistance.

Third, Congress should require that PBMs and payors pass on to patients the rebates and other concessions they demand that manufacturers pay. Overall, in 2022, almost 60% of the list price of our medicines went to rebates, discounts, and fees, in many cases as a result of the financial demands of payors and others in the healthcare system. While the amount of these concessions is significant and increasing each year, studies show that the majority of these amounts is retained by these intermediaries and not passed along to patients. No other healthcare system tolerates the diversion of discounts intended for patients to these middlemen.

Fourth, Johnson & Johnson supports pending legislation—such as the Pharmacy Benefit Manager Reform Act passed by this Committee last year—designed to address certain PBM practices that distort the healthcare delivery system by ensuring transparency to the payors that utilize PBM services. This legislation, especially if expanded to require delinking of PBM fees from list prices, would be an important step toward aligning incentives for lower net costs and improved patient access.

Finally, it is essential that the United States reject the price caps and controls that exist in other countries and serve to stunt innovation and deprive patients of life-saving medicines. Our nation's robust biopharmaceutical industry was created and fostered by deliberate policy choices that prioritized and incentivized investment in medical innovation in exchange for a period of patent and regulatory exclusivity that enables innovators to price at levels required to recoup their investments and reinvest in the future. As reflected in the Constitution, this nation's founders recognized as a fundamental tenet, and a cornerstone of a free and capitalistic economy, that the award of exclusivity promotes progress. We can only make the significant research and development investments we do because U.S. policy has respected manufacturers' patent rights and afforded periods of market exclusivity for innovations. Those exclusivity periods are limited and often curtailed because they run from the date of invention, not from the date of market entry, which can be years thereafter. Moreover, as part of the laudable social bargain, upon expiry of patent and regulatory exclusivities, generic drug and biosimilar manufacturers are legally authorized to rely upon and leverage the innovator's investment in safety and efficacy studies to bring competitive drugs to the market. That social bargain is one reason that—over time and on average—drug costs in the United States are only 14% of total healthcare costs, which is below the average for other major markets. We support policies that encourage other countries to do more to foster innovation, rather than misguided approaches that would result in the United States doing less. This is critical not only to the health of the United States, but also to our nation's financial and national security.

The remainder of my testimony contains additional details regarding each of these important subjects.

Investment in Innovation Leads to Treatments and Cures

For more than a century, Johnson & Johnson has created breakthrough scientific innovations that address some of the nation's most important medical needs. We are proud of

our proven history of pharmaceutical innovation. Since 2016, our total investments in pharmaceutical research and development have reached $77.7 billion. In 2022 alone, Johnson & Johnson committed $11.6 billion to the discovery and development of medicines. In 2023, we invested $12 billion in pharmaceutical research and development (and $15.1 billion in research and development across the company).

Since 2016, our investment in the next generation of transformative medicines resulted in eight new drugs approved by the Food and Drug Administration (FDA) and an additional fifty-two approvals for expanded indications or new product formulations. Johnson & Johnson may achieve eight more significant approvals by the FDA in 2024. These medicines, if approved, will offer treatments for serious diseases, including multiple myeloma and lung cancer. Johnson & Johnson has an additional eleven significant FDA regulatory submissions that are planned for later this year. In addition, we expect to obtain important data this year from eight Phase III trials and three Phase II trials, which will inform the clinical and regulatory strategy for these significant programs in our pipeline. These figures do not include our entire clinical development portfolio, nor the substantial investment in drug discovery, including internally, in incubator settings and in stand-alone companies.

These significant investments by Johnson & Johnson—and other innovators in the biopharmaceutical industry—have had dramatic effects on the lives of Americans: people live longer and achieve a better quality of life. From 1990 to 2015, biopharmaceutical drugs accounted for at least an estimated 35% of the increase in U.S. life expectancy. Over that same period, pharmaceuticals accounted for 76% of the mortality reduction achieved for HIV, 60% of mortality reduction in cerebrovascular disease, 60% of mortality reduction in malignant breast tumors, 52% of mortality reduction in ischemic heart disease, and 27% of mortality reduction in colon, rectal, and related cancers.

The industry continues to invest in new and life-changing medicines. Across the healthcare sector, the biopharmaceutical industry's spending on research and development accounts for 75% of all U.S. investment in medical and health research and development. The biopharmaceutical industry has a robust pipeline of more than 8,000 medicines in clinical development, including more than 800 treatments and cures for diseases that disproportionately affect minority communities.

The medicines that the Committee has identified, and that we are discussing today, are illustrative of the benefits that Johnson & Johnson's investment in medical innovation brings to patients and their providers, and I would like to address each one briefly.

Stelara. Stelara is an innovative treatment for certain chronic and debilitating immune-related diseases. Stelara is approved for the treatment of adult patients with moderate to severe plaque psoriasis, active psoriatic arthritis, moderately to severely active Crohn's disease, and moderately to severely active ulcerative colitis, as well as the treatment of pediatric patients ages six years and older with moderate to severe plaque psoriasis and active psoriatic arthritis. These debilitating diseases can cause inflammation, ulcers, pain, bleeding, and serious complications in the intestines; painful itching, burning, and scaling of the skin; and painful swollen and tender joints. Patients living with Crohn's disease and ulcerative colitis are at increased risk for

hospitalization and surgery, which both carry risks for patients and cost burdens for the healthcare system.

Stelara was the first significant therapeutic advancement over the prior generation of treatments, TNF-inhibitors. Stelara can have a significant positive impact on patients. For Crohn's disease, a majority of patients were in remission one year after responding to the initial treatment with Stelara.

Xarelto. Xarelto is a type of blood thinner called a direct oral anticoagulant that helps patients facing conditions that put them at risk of blood clots, which can lead to thrombotic events such as heart attacks, strokes, and pulmonary embolisms. Initially invented by Bayer in Germany, Johnson & Johnson partnered with Bayer to bring the medication to patients in the United States.

Xarelto is a therapeutic advancement over other blood thinners, such as warfarin. Xarelto's benefits include fewer food and drug interactions, easier standardized dosing, and the elimination of invasive and costly blood tests required with some other therapies. Medical treatment guidelines provide that direct oral anticoagulants, including Xarelto, are preferable to warfarin for certain serious conditions such as nonvalvular atrial fibrillation and venous thromboembolism. Moreover, in about half of its FDA-approved indications, Xarelto is the only approved direct oral anticoagulant.

Imbruvica. Imbruvica is a once-daily oral therapy for the treatment of chronic lymphocytic leukemia and other blood cancers, including small lymphocytic lymphoma and Waldenstrom's macroglobulinemia. It has helped evolve the standard of care for adult patients living with B-cell malignancies, who until about a decade ago had poor prognoses and had to rely largely on chemotherapy and chemoimmunotherapy as the main treatment options available. Imbruvica is the only medicine in its class that has demonstrated a statistically significant overall survival benefit in first-line chronic lymphocytic leukemia and an established safety profile gained through clinical studies, long term follow up, and safety monitoring.

Symtuza. Symtuza is the first complete, darunavir-based single-tablet regimen for the treatment of HIV in adults and children who weigh at least 40kg. Developed by Johnson & Johnson, in collaboration with Gilead Sciences, Inc., Symtuza combines the proven high barrier to resistance of darunavir with a formulation designed for improved tolerability and the convenience of a single-tablet regimen. Symtuza offers an important treatment option for patients. Symtuza has been studied and used in patients who have never been on medications to treat HIV, as well as in those patients who have previously been well controlled on HIV medications and are not known to have any viral resistance to the components of Symtuza.

Pharmaceutical Pricing and Access to Johnson & Johnson Medicines

Johnson & Johnson's approach to pharmaceutical pricing balances our commitment to bring innovative therapies to the patients who need them today, and our dedication to continuous research, innovation, and development of the next generation of medicines across dozens of diseases. We strive to understand and address the serious health problems of today and create

the potential medicines of tomorrow. In setting the prices of its drugs, Johnson & Johnson follows three guiding principles:

1. Value to patients, the healthcare system, and society. In setting drug prices, a primary consideration is the value that the drug brings to patients, the healthcare system, and society as a whole. For patients, these considerations can include improvements in health, an extended lifespan, and an improved quality of life—such as the ability to take a pill rather than travel to a health center for an infusion, or conversely, to take a long-acting, twice-yearly injection rather than a daily pill. For the healthcare system, pharmaceutical innovations can significantly reduce other costs, such as surgeries and hospital admissions.

2. Affordable access to medicines. Our approach to drug pricing reflects our commitment to making our innovations available to patients who need them. First, we negotiate with insurance companies—and the pharmacy benefit managers they engage to negotiate on their behalves—to encourage insurance plans to cover our medicines. These entities are gatekeepers to patients. We work with these companies to demonstrate the value that our products bring to their policyholders, and we engage in negotiations on discounts and rebates that reduce the costs for our drugs. Second, we seek to ensure that a patient's financial situation is not a barrier to access through a variety of programs and approaches that promote patient access. For example, Johnson & Johnson's Janssen CarePath patient support program provides options for underinsured patients with commercial or private health insurance through solutions like copay assistance and medications free of charge.

3. Investing in future cures and treatments. As demonstrated by our robust pipeline, Johnson & Johnson is dedicated to bringing the next generation of treatments and cures to patients. Drug development is costly and uncertain. Our approach to pricing therefore must include the ability to invest in innovation for the patients of tomorrow. Developing a new medicine requires, on average, a $2.6 billion investment over ten years. Pharmaceutical pricing must allow for and fund research into potential innovations that ultimately fail. In fact, most promising drugs do not succeed, whether due to unacceptable side effects, limited efficacy, or other factors. Across the industry, approximately 90% of candidate medicines that show sufficient promise to warrant a Phase I clinical trial do not eventually result in a new FDA approval. This reality means that the revenue from only about 10% of all drugs investigated for therapeutic potential in clinical trials must fund the research and development of all failed drug candidates and the research and development of all innovative treatments and cures of tomorrow. Even more, only around 20% to 30% of new drugs recoup the significant investments needed to bring them through approval and to patients.

With this understanding of the framework for Johnson & Johnson drug pricing, it is essential to consider the significant and substantial rebates, discounts, and fees that reduce Johnson & Johnson's revenue and result in a much lower effective price of our medicines than may seem apparent from the list price of our drugs. Because pricing trends and the extent of the diversion of discounts and patient assistance away from patients are, unfortunately, hidden from the public by our country's byzantine drug pricing system, Johnson & Johnson has committed to transparency in its drug pricing and has issued a transparency report every year since 2016.

In Johnson & Johnson's most recent Transparency Report, issued in mid-2023, the company reported that the actual price of its medicines had declined for the sixth year in a row. In 2022, the average net price of Johnson & Johnson's medicines declined 3.5%.

There is a striking gap between the list price of medicines—often misleadingly cited in the media and by some in Congress—and the actual amount that Johnson & Johnson receives for its medicines. In 2022, Johnson & Johnson recorded $39 billion in rebates, discounts, and fees to commercial insurers, government programs, and others in the healthcare system. Overall, in 2022, Johnson & Johnson received well under half of the list price of its medicines—almost 60% of the list price instead went to rebates, discounts, and fees, in many cases as a result of the financial demands of payors and others in the healthcare system.

These middlemen also put financial pressure on patients, as insurance companies have continued to impose higher deductibles, higher copays, and higher coinsurance requirements—even for patients who thought they were well insured. Nearly a quarter of Americans are now considered underinsured, meaning that they are open to significant financial risk from a healthcare necessity or find that the care they need is financially out of reach because of the requirements imposed by their insurance provider. Since 2014, commercially insured patients with deductibles have experienced a 50% increase in out-of-pocket costs for brand medications due to these tactics.

Johnson & Johnson has sought to address these challenges to access with a variety of robust patient assistance programs. For example, Johnson & Johnson's Janssen CarePath Program is a patient assistance program that supports eligible patients on commercial, employer sponsored, or government insurance, regardless of income. Patients with commercial insurance can apply to the program, which includes a number of solutions such as copay assistance and free product. In 2022, more than one million patients were helped with support provided by Johnson & Johnson's Janssen CarePath Program. Also in 2022, we donated $3.8 billion in free product and other financial support to the Johnson & Johnson Patient Assistance Foundation and other independent programs.

Commercial insurers and PBMs have responded to these programs with a variety of tactics designed to thwart manufacturers' patient assistance programs. For example, they impose prior authorization requirements and cost sharing models to control or restrict a patient's ability to access a medicine prescribed by a doctor. They impose exclusion lists that prevent a patient from accessing a prescribed medicine, given these are lists of products determined in the sole discretion of an insurer not to be covered. Exclusion lists have grown nearly 1000% since 2014 and now include more than 1,350 drugs.

PBMs' newest tactics are designed simply to divert manufacturers' patient assistance funds to their own pockets. These tactics have opaque names like "accumulators," "maximizers," and "alternative funding programs," but they share a common purpose of undermining manufacturers' access programs. As one example, PBMs improperly inflate patients' copay amounts to astronomical amounts and then seek "support" from the assistance programs for this inflated copay. The patients quicky exhaust the available support, and the assistance programs' funds are effectively diverted to the PBMs. Johnson & Johnson brought suit against a company leading this practice in 2022.

The medications we are addressing today exemplify our approach to pricing, the downward trajectory of our prices due to discounts and rebates, and our commitment to patient access. Stelara, for example, has experienced a declining price in six of the last seven years, once rebates and discounts are included. From 2017 to 2023, the average yearly price decline for Stelara was 5.9%. Xarelto similarly experienced a declining price in six of the seven years between 2017 and 2023.

Each of these medicines also exemplifies the support that Johnson & Johnson provides in our patient assistance programs. Under the benefits provided by Johnson & Johnson's Janssen CarePath Program, eligible patients can pay as little as $5 for each dose of Stelara, $10 per fill of Xarelto, $0 per prescription of Imbruvica, and $0 per prescription of Symtuza.

U.S. Policy Supports and Fosters Innovation

The robust biopharmaceutical industry in the United States—currently the world's leading investor in innovation and developer of breakthrough treatments and cures—did not occur by accident. Instead, it was intentionally created and fostered by the policy choices of this Committee, Congress more broadly, and the many generations of policymakers that preceded those of us here today. Through thoughtful policy choices reflected in bipartisan legislation, in many cases emanating from this Committee, the United States created a medical innovation environment that is unique in the world.

For example, in the 1990s, Congress enacted the Prescription Drug User Fee Act to ensure that the FDA had the resources needed to remain the world's leading drug review agency. The law provided the FDA with a new funding stream to ensure that the FDA could hire and train the staff needed to review drug applications with predictable timeframes. For many new drugs treating serious medical conditions, the statute and associated funding allow the FDA to perform priority review. Patients and their families who were waiting for help and hope in the face of difficult and worrying diagnoses were the great beneficiaries of these policies. This Committee has advanced reauthorizations of the program every five years since 1992, including most recently in 2022, to help ensure that critical new, safe, and effective medicines reach American patients as quickly as possible.

Moreover, when the country has confronted challenges in healthcare, it has repeatedly looked for ways to spur private sector research, development, investment, and innovation. For example, when faced with concerns that diseases affecting smaller patient populations were not receiving sufficient attention in medical research, Congress enacted the Orphan Drug Act, which provided incentives such as market exclusivity and reduced taxes to spur investment in research and development. According to the National Organization for Rare Diseases, since the passage of the law, more than 7,000 rare diseases have been identified and more than 1,100 orphan indications for treatments have obtained FDA approval. Similarly, when families and pediatricians identified a need for more pediatric research, this Committee advanced the Best Pharmaceuticals for Children Act, which created an incentive of additional marketing exclusivity to innovators that voluntarily complete pediatric clinical studies. When Congress found that federally funded research grants were producing promising early-stage research, but this research was not being developed into products that benefited the public, Congress enacted the Bayh-Dole Act, creating a path for private sector pharmaceutical companies to make the significant

investments required to transform this early-stage research into new medicines with the knowledge that privately developed intellectual property would be protected.

More recently, when the nation and the world faced the threat of a global pandemic, Congress's actions supported the development of multiple Covid-19 vaccines in an unprecedented timeframe. It is no coincidence that the three leading vaccines developed most swiftly—Pfizer, Moderna, and Johnson & Johnson—were ultimately developed by U.S. companies. That result would not have been possible if the United States had made different policy choices along the way that stifled biopharmaceutical companies' investments in researching and developing innovative treatments and cures.

Against this backdrop, the country again faces policy choices, particularly in light of the Inflation Reduction Act. Unfortunately, that statute diverges from the decades of U.S. policies that helped create the robust biopharmaceutical industry that the nation and its patients have come to expect. Instead of adhering to those principles and ensuring that companies that invest and succeed in discovering and developing innovative new treatments that benefit patients receive appropriate and time-limited protections for their innovations, the IRA forces Johnson & Johnson and other manufacturers to provide innovative, patent-protected inventions to the government on pricing terms that, by law, must be significantly below market-based prices. As a result, the IRA's pricing provisions will constrain medical innovation, limit patient access and choice, and negatively affect the overall quality of patient care. For that reason, last summer, Johnson & Johnson filed a lawsuit challenging the constitutionality of the statute, as did every other manufacturer with a drug subject to the IRA's pricing provisions. We recognize that not everyone agrees with our decision to challenge the law. That is their right, just as it is our right to challenge in court a law that we believe violates the Constitution, upends decades of U.S. policies that have made the United States the center of medical innovation, and will inflict long-lasting damage to the American people by discouraging investment in future innovations.

The unique strengths of the U.S. biopharmaceutical industry, driven by decades of U.S. policies specifically designed to foster the growth of that industry in order to support patients, are also the reason that comparisons between U.S. drug prices and prices abroad are particularly inapt. The United States is unique in the world in the policy choices it has made to spur innovation and invention. Although it is true that there are certain disadvantages associated with these policy choices, including that the United States pays a disproportionate share of the costs of such innovation, the upsides far outweigh the downsides.

Americans access new medicines years earlier than other nations, including other wealthy nations, and sometimes have access to medicines that are never available at all in other countries. One study found that patients in Europe wait two years longer, on average, for new cancer treatments than patients in the United States. Fully 85% of new medicines are available in the United States, more than any other country. New medicines launch first and fastest, on average, in the United States compared to other G20 countries. Where Germany, France, and the United Kingdom, on average, face delays between eleven and twenty months to access new medicines, new drugs are available in the United States within four months of global launch, on average.

Finally, much of the debate about drug pricing outside the United States uses deceptively selected figures that do not reflect the true nature of drug pricing in the United States and abroad.

For example, some critics ignore that about 90% of prescriptions in the United States are filled with generic drugs and biosimilars that are often cheaper in the United States than abroad. Lower cost generic drugs and biosimilars are enabled by the research and development of innovative drugs, and as a result of this framework, the United States spends roughly the same share of healthcare spending on medicines as other countries, on average. Additionally, some critics compare U.S. list prices of drugs—which do not reflect the discounts and rebates provided to middlemen—to the prices charged abroad.

Johnson & Johnson supports solutions to address affordability and access to our innovative therapies. Imposing arbitrary price constraints on U.S. drug manufacturers, however, will harm innovation and deprive American patients of life-saving and life-extending therapies.

On behalf of the dedicated Johnson & Johnson employees around the world who work tirelessly to bring innovative medicines to patients in need, thank you for the opportunity to engage in today's discussion. I look forward to your questions and comments.