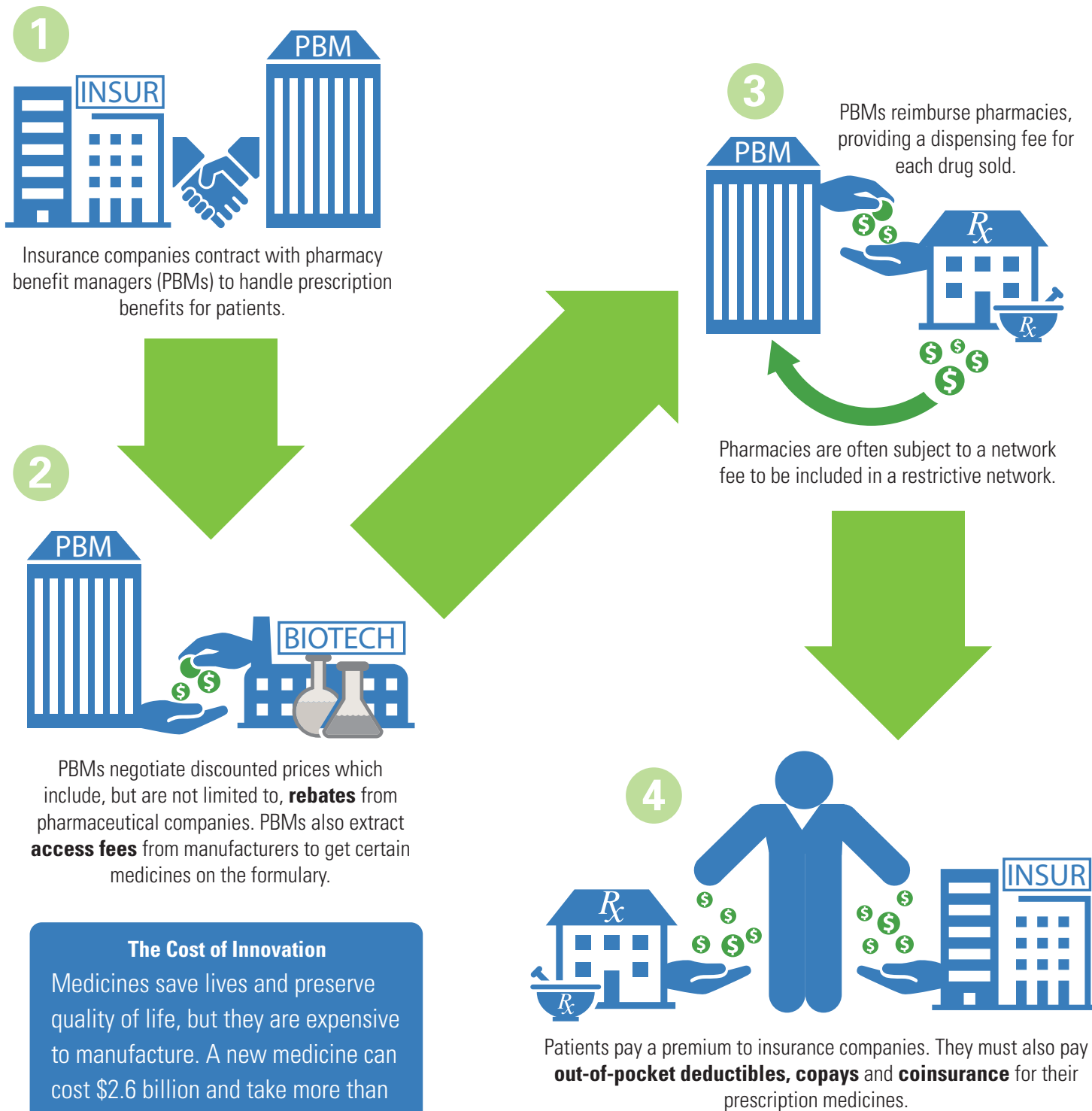


The Complicated Way We Pay for Medicines

The way we pay for medications is far more complex than a simple sound bite. It is an intricate chain as medicines wind their way from manufacturers to patients and their doctors. Wholesale Acquisition Cost (WAC) is the list price paid by a wholesaler to acquire a brand name drug. Price concessions by manufacturers, such as rebates and discounts are contractually negotiated with purchasers to substantially lower the ultimate price paid for the drug. In 2015, discounts, rebates and other price concessions offset the price growth of brand drugs by an estimated 77–81%.



The Cost of Innovation

Medicines save lives and preserve quality of life, but they are expensive to manufacture. A new medicine can cost \$2.6 billion and take more than 15 years to develop.



California Life Sciences Association