

Research: ☒ Failing to be Funded ☒

Bounty of Royalty Fees, Food & Travel at Expense of Research in Healthcare Spending

Analyzing healthcare spending by the Centers for Medicare & Medicaid Services allows us to determine who are the winners and losers in healthcare funding and payments. The analysis breaks down by **payment amounts** and **number of payments**. For 2017 the **majority of funding and payments were spent on Royalties and Licenses, with \$1B of over \$2.8B in total funding and payments** (over 35%). The firms and companies holding the IP are benefitting the most from the funding and are the obvious winners. **Research is the loser in this situation, with about \$100M in funding for only 9,395 Grants** (only 4% of the total funding and payment amount). **More money was spent on Food & Beverage and Travel & Lodging (individually) than on Grants.** Negotiation to decrease royalty rates for IP as sales increase, instead of increasing royalty rates as sales increase, would allow more money to fund Research Grants. Increased spending on Grants would fund research to develop new devices and drugs providing Alexion and similar firms with additional revenue, in turn benefitting more patients and families affected by rare diseases.

Over
\$2.8B
In Payments to Medical Practitioners

Over
11M
Payments Made to Medical Practitioners

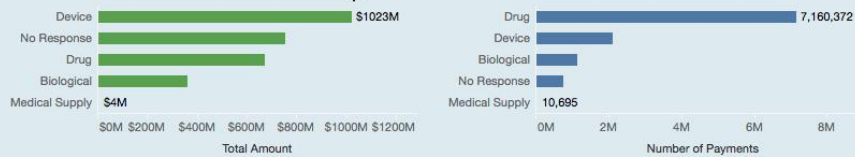
Let's see how this breaks down by...

Country of Recipient



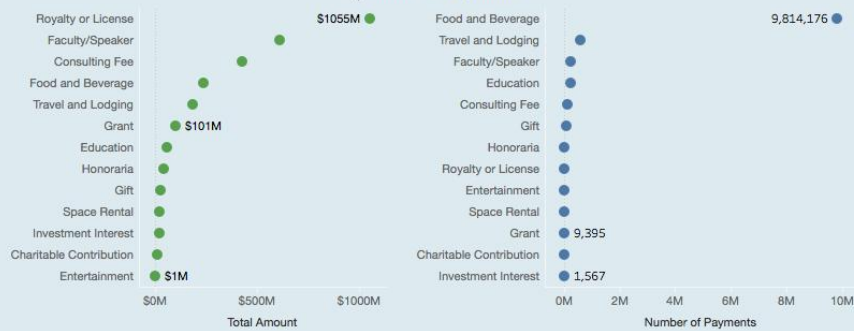
Close to 100% of payments, by both dollar amount and number of payments, went to recipients in the United States. Europe and Asia had very little funding to recipients and the Middle East had no funding to recipients. Funneling money to aid recipients in countries outside of the US could greatly benefit Alexion and other firms, as well as help aid recipients in these countries.

Product Purchased



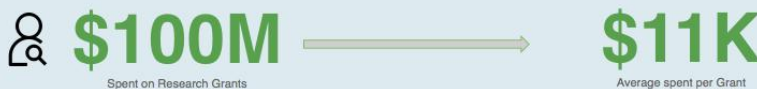
Devices received the most funding by dollar amount of any product purchased with over \$1B of the payments. Drugs were the product with the highest number of payments with over 7M of the 11M+ payments made. Funneling money into Grants for research in devices and drugs could greatly benefit Alexion and similar companies.

Nature of Payment



Majority of healthcare spending was on Royalties and Licenses (\$1B). Spending for Grants was \$100M with only 9,395 Grants made; this comes in behind Food and Beverage (\$237M) and Travel and Lodging (\$188M). Funneling money into Grants for research, while decreasing the amount spent on Food & Beverage and Travel & Lodging, could greatly benefit companies like Alexion.

Negotiate Decreasing Royalty Rates, Spend Less on Food & Travel, and Spend More on Research!



Serving patients and families affected by rare diseases would greatly benefit from more dollars being funneled to research to stimulate the discovery, development and commercialization of life-changing therapies by Alexion and similar firms. More money was spent in the healthcare industry on Travel & Lodging and Food & Beverage than on Grants.

Most licensing agreements within the healthcare and pharmaceutical industry utilize royalty rates that increase as volume of sales increase. This is not typical for industries outside of the healthcare and pharmaceutical industries, where licensing agreements tend to decrease royalty rates as volume of sales increase. The standard for the healthcare and pharmaceutical industry must change in order to benefit new research through grants. Alexion and like firms could greatly benefit by changing the landscape of the royalty rate agreements and working to decrease royalty rates as the volume of sales increase.