

**National Congress on the Future of
Genomics, Biotech, and Pharmaceuticals in
Medical Care**

Dean Rosen

**Senior Vice President of Policy
& General Counsel**

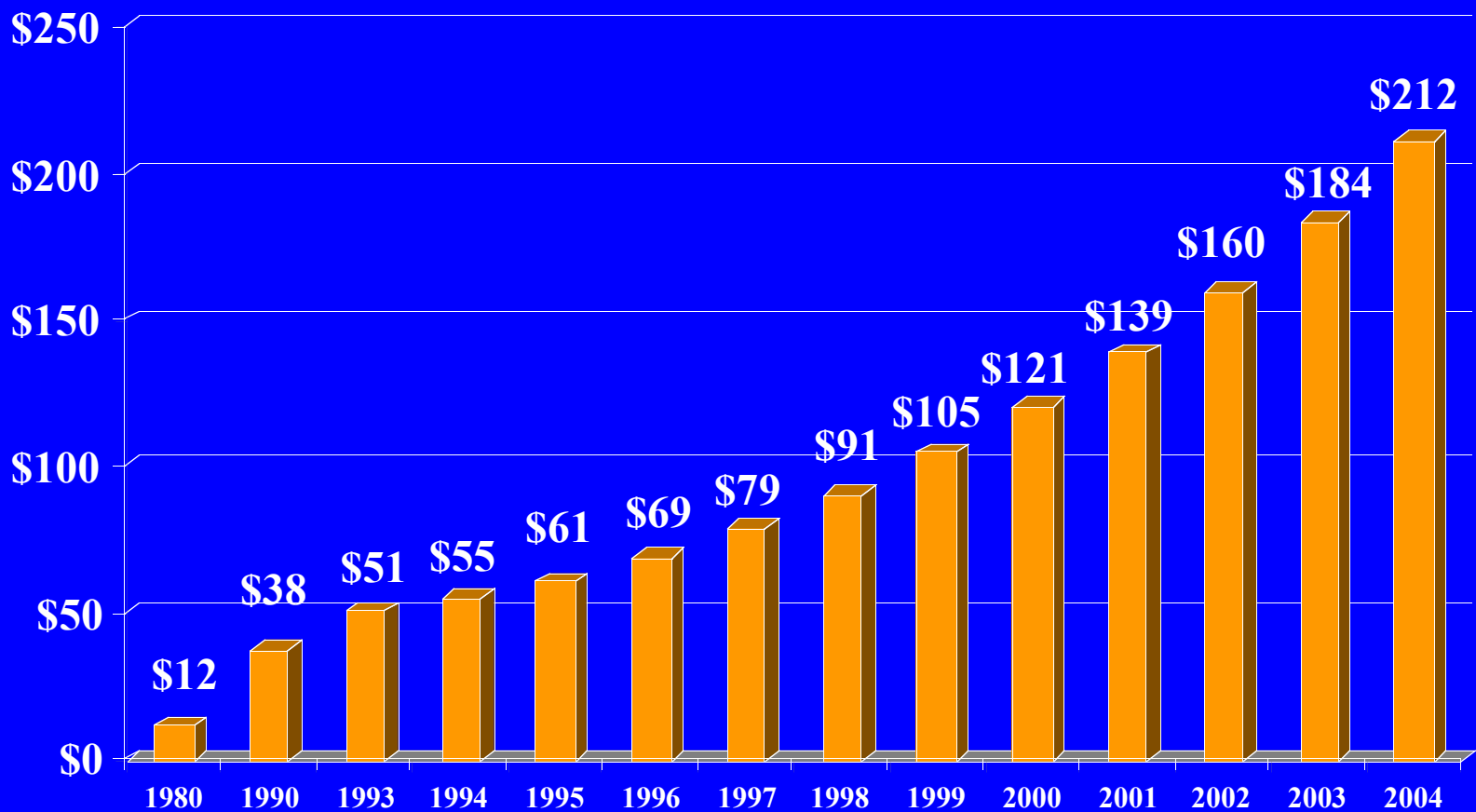
Health Insurance Association of America

November 17, 2000

Overview

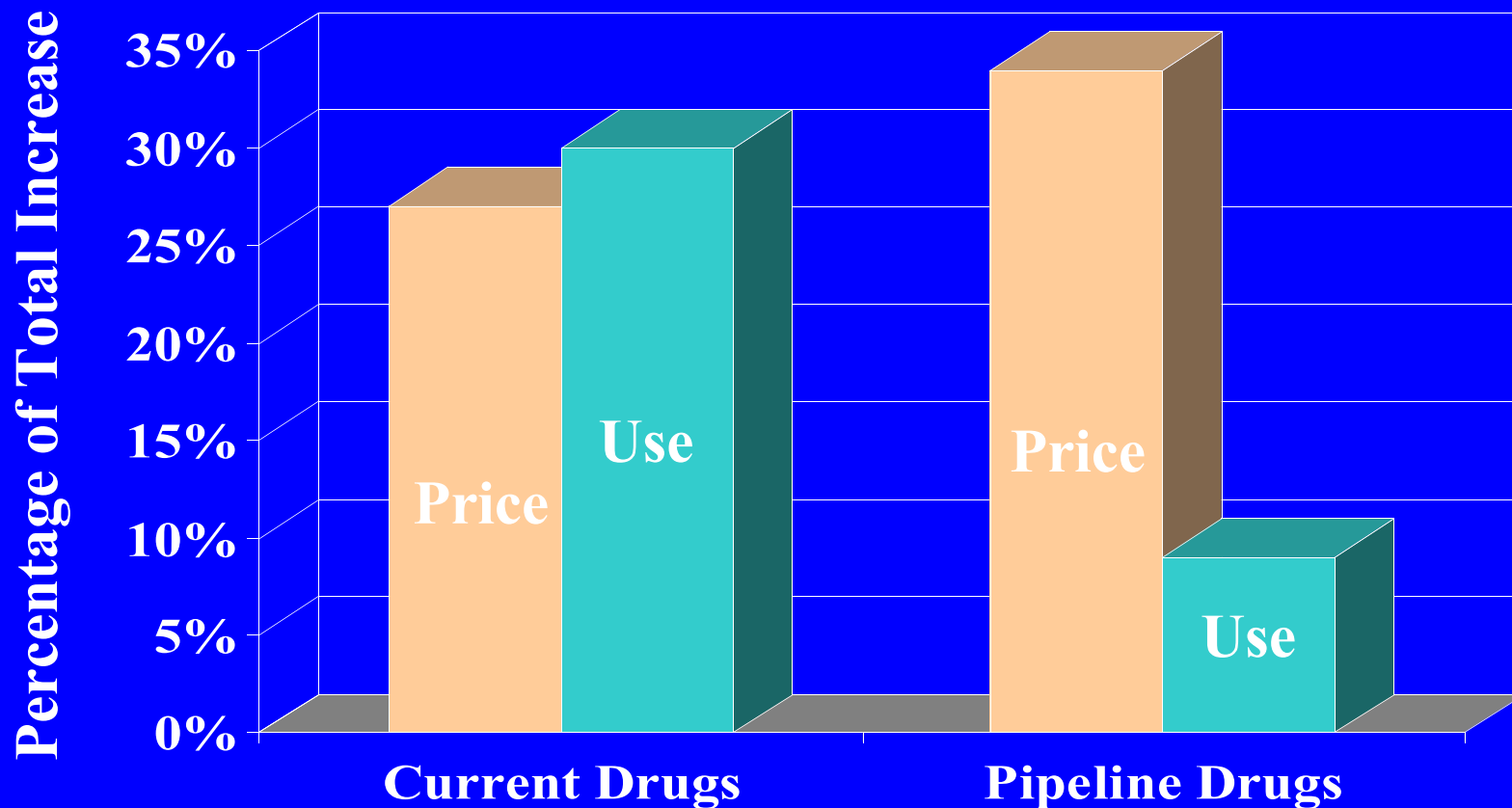
- Prescription drugs playing an increasingly important role in health care
- Drug costs are rising rapidly
- Increasing costs are impacting private insurance costs
- Medicare Rx drug coverage will be dominant issue in 107th Congress

Rx Expenditures Will Increase 15-18% Annually From 1999-2004



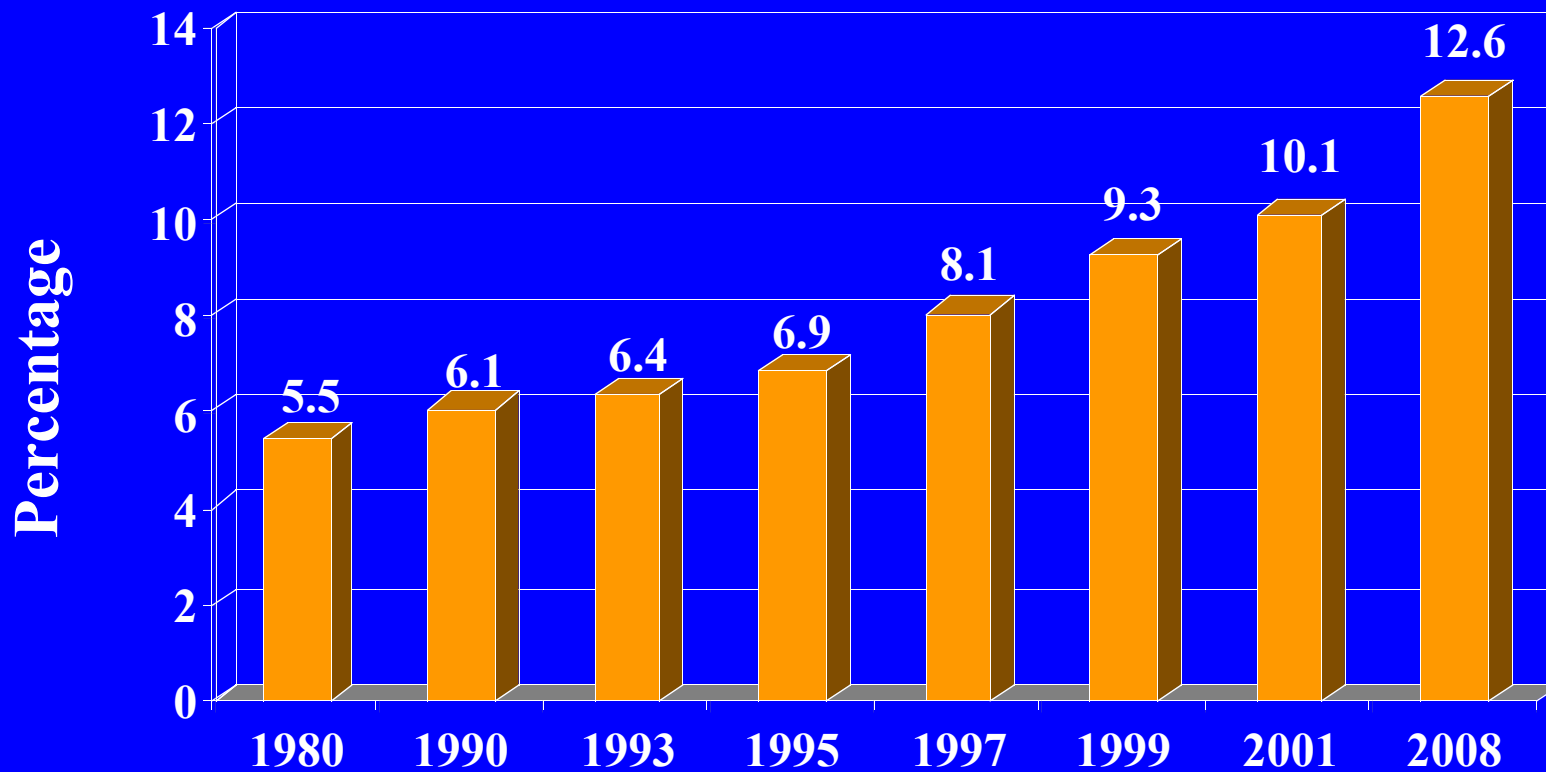
Source: Mullins, Daniel C., University of Maryland, "The Impact of Pipeline Drugs on Pharmaceutical Spending," April 2000

Both Price and Utilization are Fueling Increased Costs



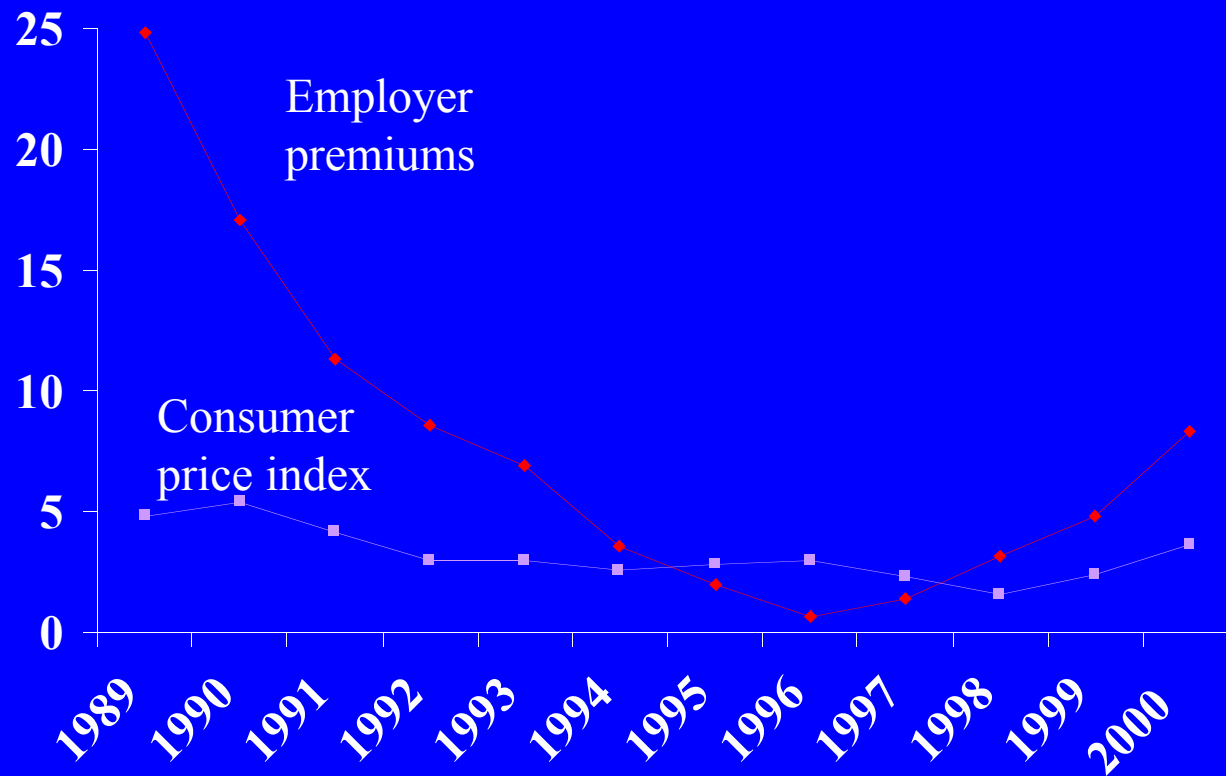
Source: Mullins, Daniel C., University of Maryland, "The Impact of Pipeline Drugs on Pharmaceutical Spending," April 2000

Prescription Drug Expenditures Are Expected to Climb to Over 12 Percent of All Health Care Expenditures



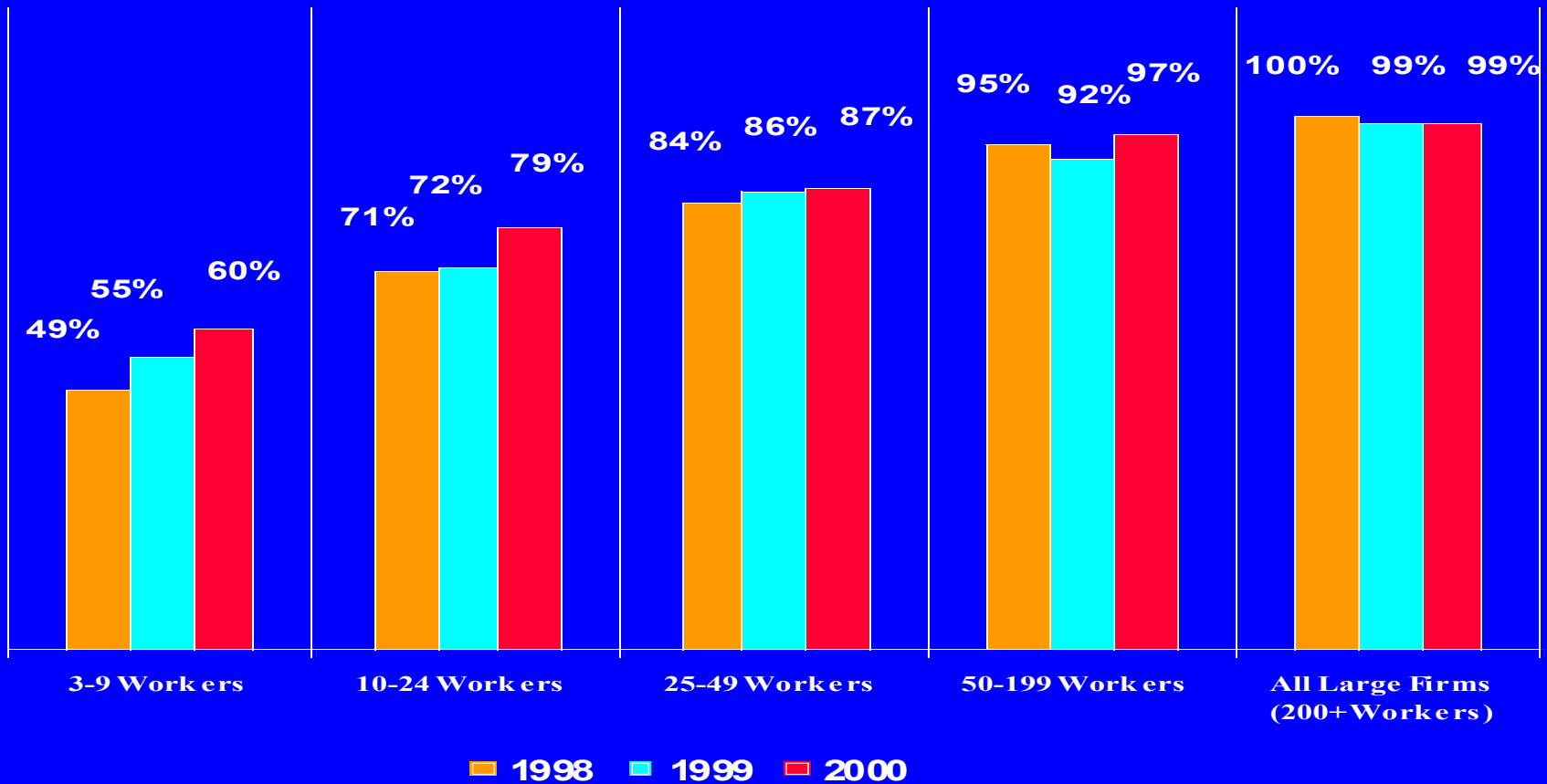
Source: Health Care Financing Administration

Health Insurance Premiums Increasing



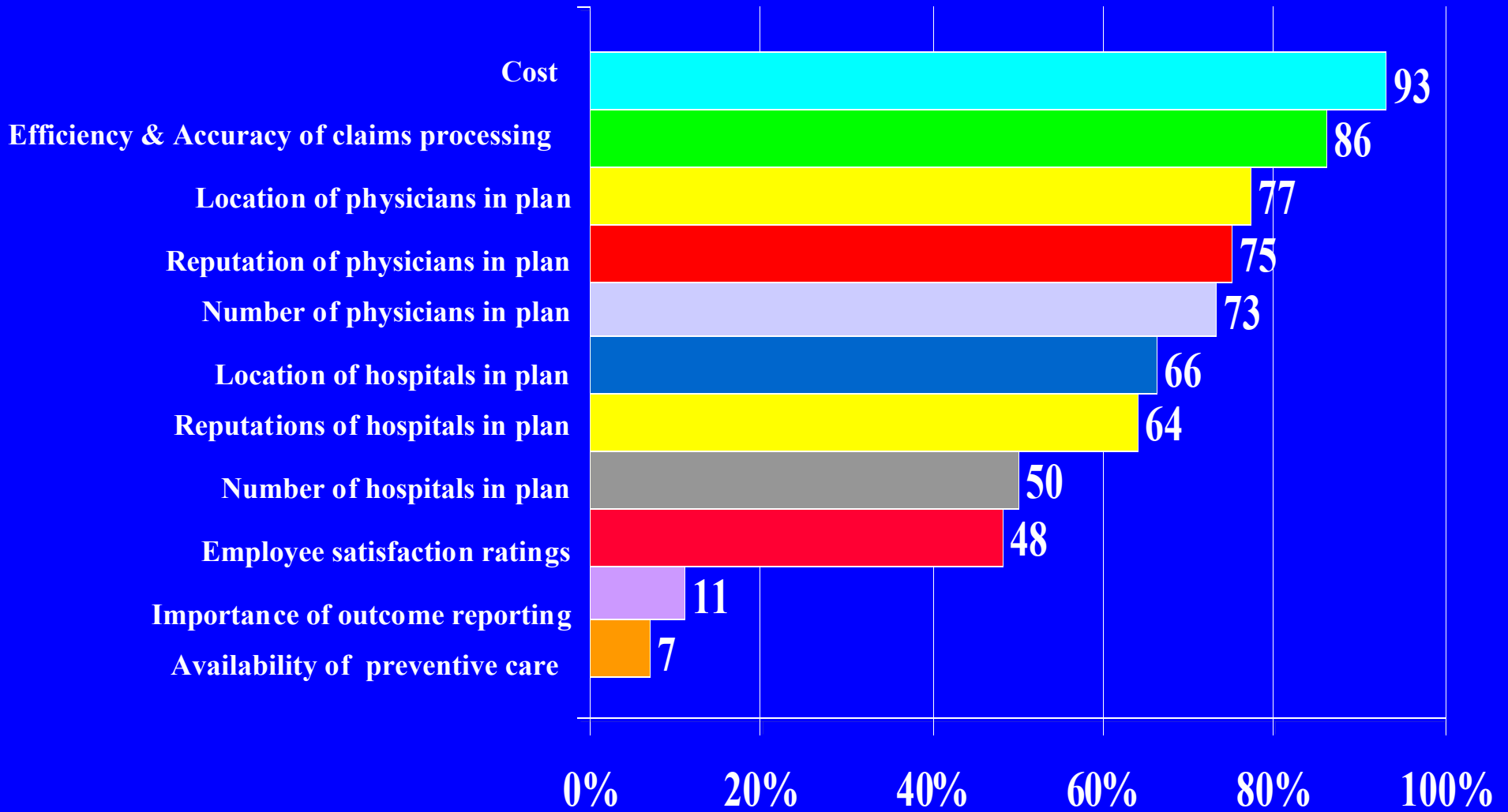
Source: For 1989 - 1991, HIAA Employer Survey; KPMG Employer Survey and Bureau of Labor Statistics, various years

Percentage of Firms Offering Health Benefits Is Rising



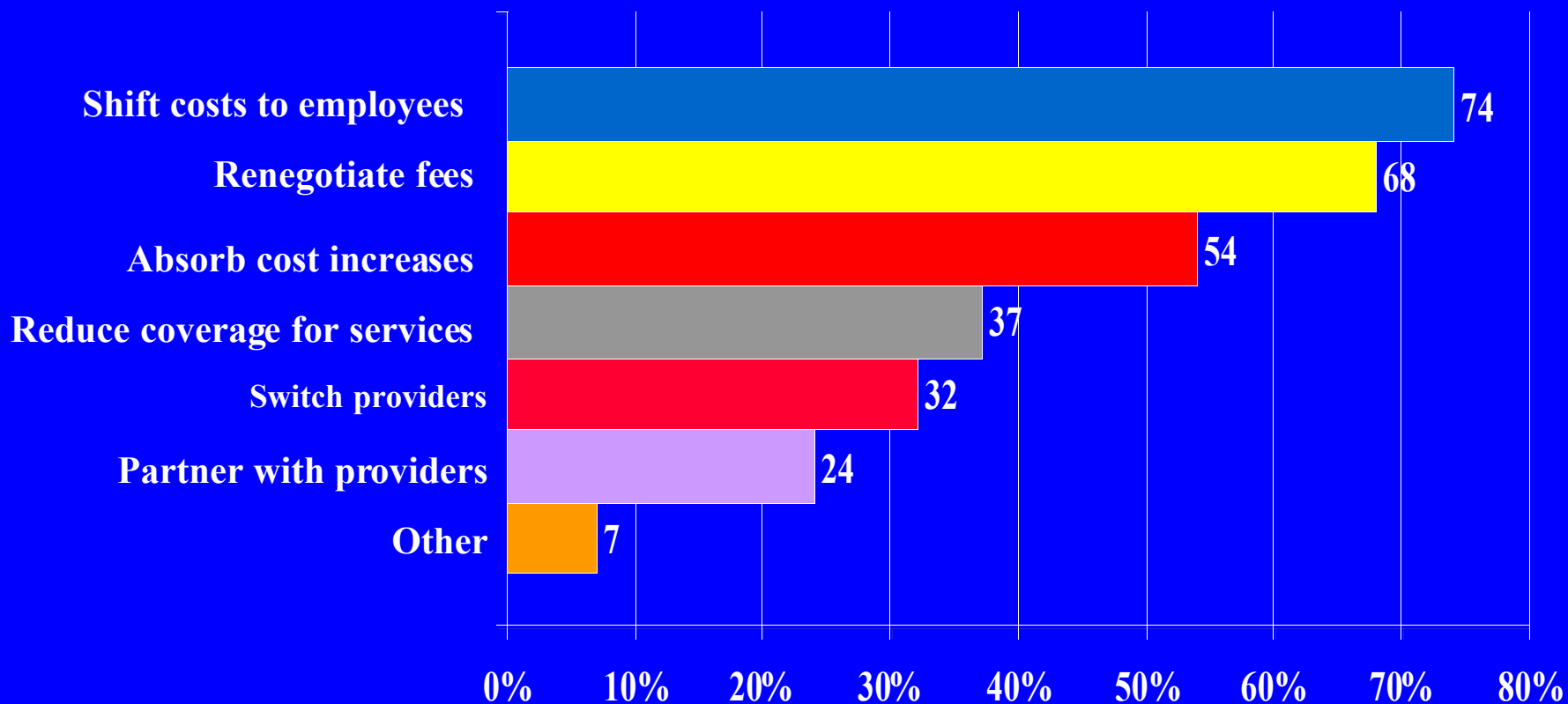
Source: Kaiser Family Foundation and Health Research and Educational Trust, September 2000

Most Important Factors for Choosing Health Plans (Large Employers)



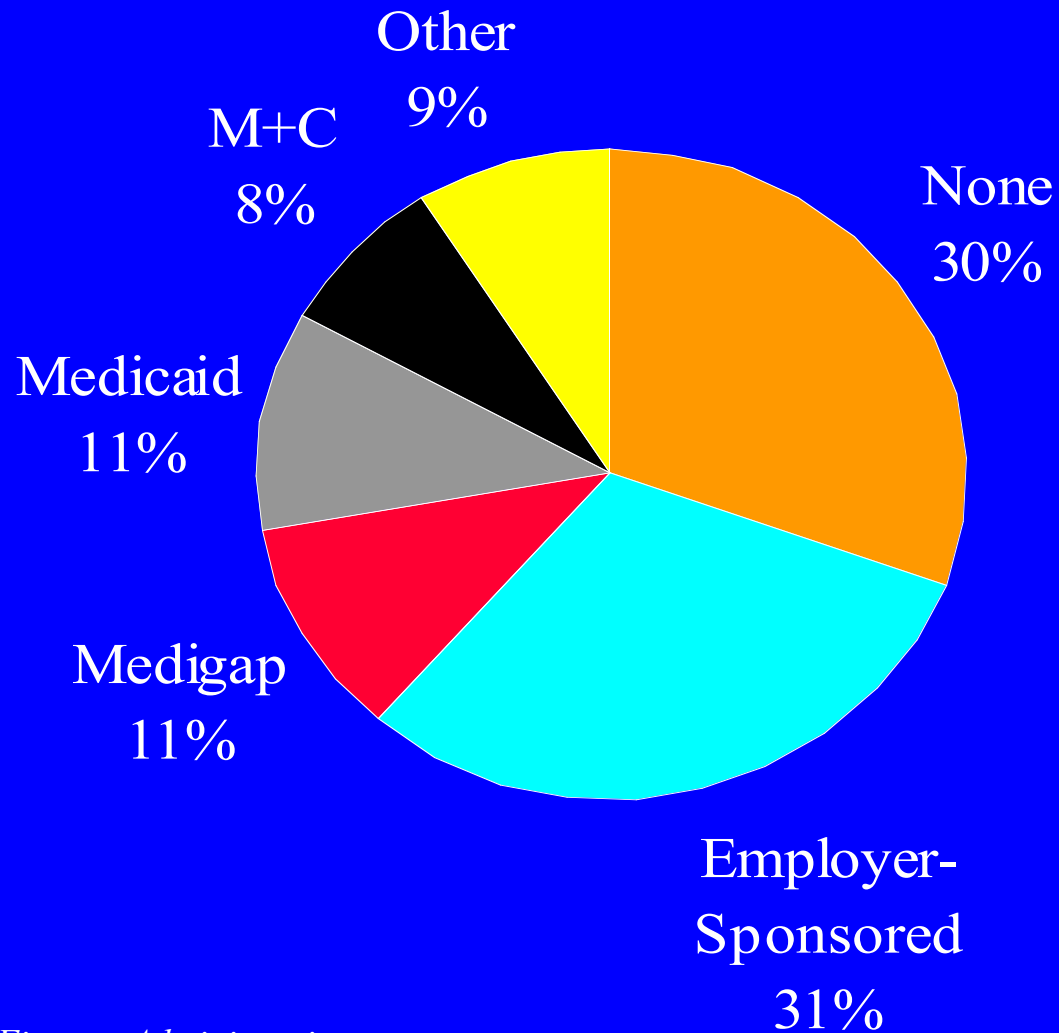
Source: 1999 Research Series, Volume One – Differentiation on Quality: Information Purchasers Want.
VHA In., 1999.

How Purchasers Plan to Respond to Rising Health Care Costs



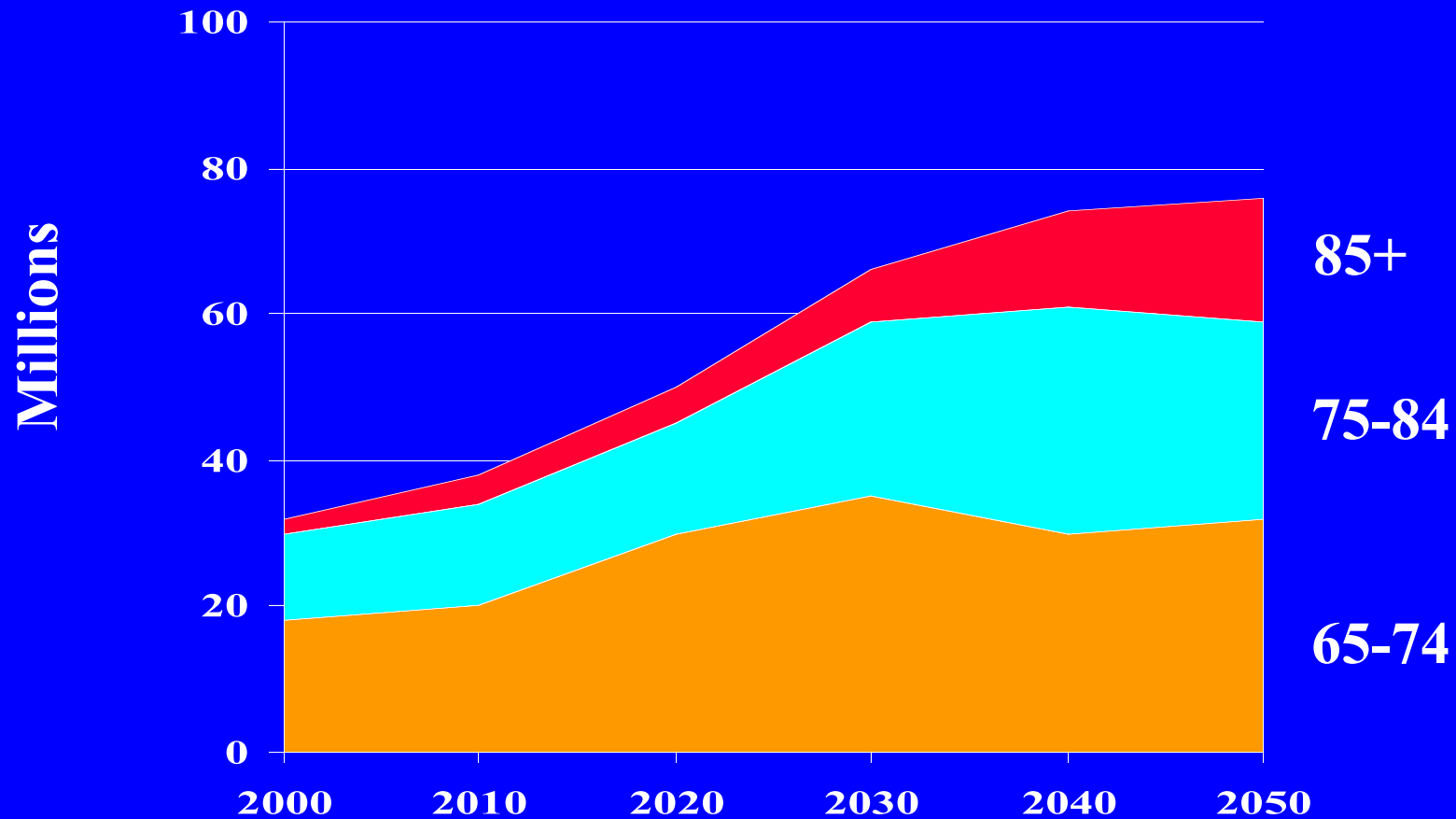
Source: *Fourth Annual Survey on Purchasing Value in Health Care.*
Washington Business Group on Health and Watson Wyatt Worldwide, March 1999.

Sources of Rx Drug Coverage for Medicare Beneficiaries



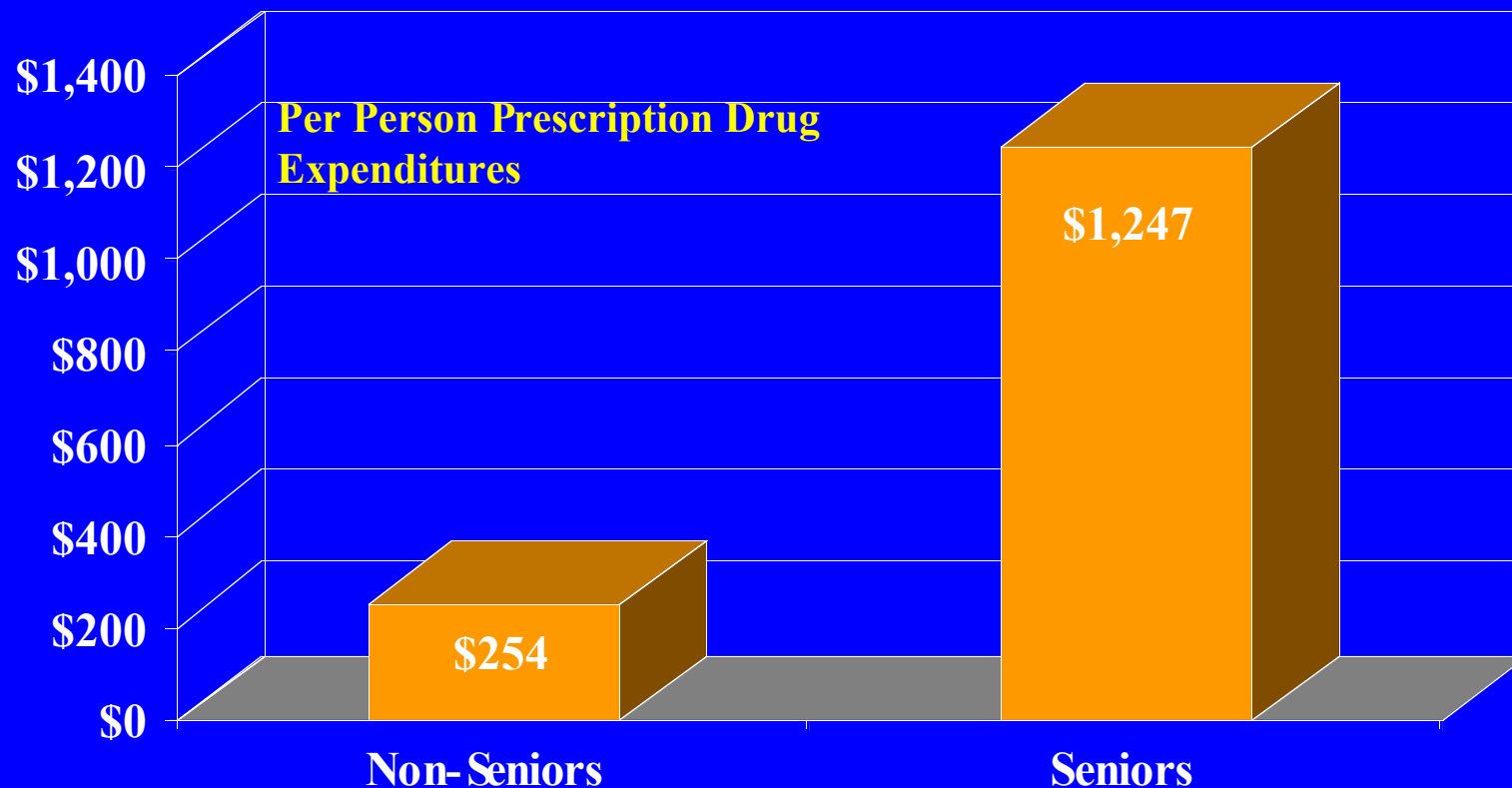
Source: Health Care Finance Administration

Dramatic Growth of the Senior Population



Source: U.S. Census Bureau, 2000

Prescription Drug Expenditures are Almost Five Times Greater for Seniors



Source: *Cost Overdose: Growth in Drug Spending for The Elderly 1992-2010*, Families USA, July 2000