

The Disconnect Between *List Prices* & *Patient Costs*

In too many cases, Americans continue to struggle to afford their medicines due to rising out-of-pocket costs. Despite the policy and regulatory fervor around drug pricing, little action has been taken to address what patients pay at the pharmacy – which is dictated by health plans and pharmacy benefit managers (PBMs).

Understanding patient out-of-pocket burden starts with distinguishing between list and net prices for prescription medicines. “List price” often receives the most public attention, but does not reflect the price patients pay out of pocket or the amount that payors like health insurance companies or PBMs pay for

medicines that drug manufacturers like Sanofi research, discover, and develop.

Sanofi provides significant discounts, rebates, and fees across the healthcare value chain to make our medicines accessible to patients. The “net price” accounts for these adjustments and represents the amount Sanofi receives.



List Price

(set by Sanofi using our Pricing Principles)



Discounts, Rebates, and Fees

(provided by Sanofi to its customers, including insurers and distributors, to obtain access)



Net Price

(the amount Sanofi receives for its medicines)

A Guide to Pharmaceutical Pricing: Key Terms You Need to Know

Manufacturer: Pharmaceutical companies developing new treatments and working with other supply chain stakeholders so that the medicines they develop reach patients.

Pharmacy Benefit Manager (PBM): The middlemen who work with manufacturers and payors to design and administer prescription drug insurance coverage for nearly all public and private health plans.

List Price: The initial price set by the manufacturer for a medicine.

Net Price: What a manufacturer receives after paying discounts, rebates, and fees designed to lower prices in exchange for greater access and affordability for patients with insurance. It also accounts for copay expenses that reduce prescription costs.

Out-of-Pocket Cost: Amount that a patient pays out of pocket for their medicine to the pharmacy.

Payors, including PBMs, government, and private health insurers, ultimately decide which medicines to cover on their plan formularies based partly on the discounts and rebates Sanofi provides. These rebates should ensure that patients can afford the out-of-pocket costs for their necessary medicines; sadly, this is often not the case.

Additionally, those in the drug delivery process – PBMs, insurers, wholesalers, specialty and retail pharmacies, and group purchasing organizations – are often owned by the same parent corporations as payors. This market imbalance, coupled with the substantial mandated discounts required by government programs (e.g., Medicare

Part D, Medicaid, 340B drug pricing programs), increasingly puts the onus on manufacturers for rebates, discounts, and fees – despite our significant investment in discovery and development.

These supply chain dynamics negatively impact patients and the companies they rely on to make their medicines. Patients end up paying full price for vital prescriptions while insurers and middlemen collect billions in rebates without passing on the savings. Insurers and PBMs shift financial responsibility onto patients through rising out-of-pocket costs.

PBMs charge fees tied to the list price of medicines, which leads them to prefer medicines with higher prices and deny access to lower-cost treatments. This dynamic is pronounced for specialty medicines, where there is heightened demand for rebates and fees from health plans and PBMs who continue to assert control over drug pricing and patient out-of-pocket costs.

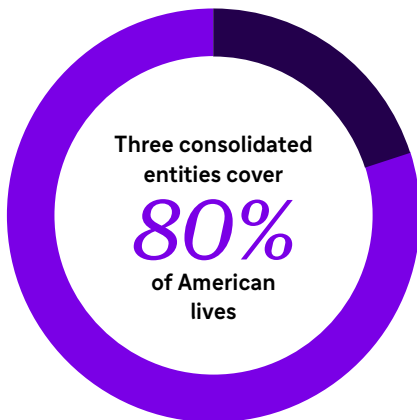
In 2024, within our specialty medicines portfolio, we had a

49%

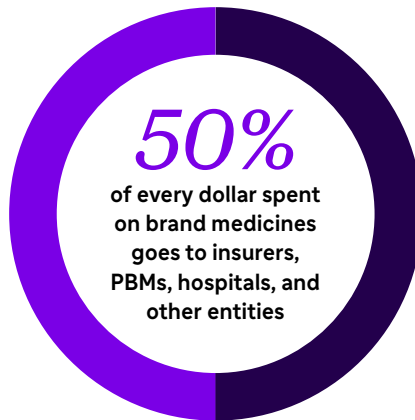
increase in fees—or service charges—paid on top of negotiated rebates to PBMs and commercial health plans, Medicare Part D, and Managed Medicaid agreements.

With lax oversight and little transparency into how savings are used, the 340B program is rife with abuse and no process to ensure that patients in need see improved access to medicines.

The Impact of Consolidation



Manufacturers pay rebates, fees and discounts to try to secure access for patients on these plans.



These funds are diverted away from the companies that spent years researching and developing these treatments and the patients for whom the drugs were developed.

Take a closer look →

The most effective health policy solutions are those that help address the access barriers patients face, especially as the dynamics of federal insurance change due to implementation of the Inflation Reduction Act. Changes are necessary to address barriers for patients with private health insurance.

To achieve this, we support efforts that enhance benefit design and align system incentives across all stages of prescription drug delivery to increase access for patients. We can address barriers to broad coverage of and access to necessary medicines by enacting policies that provide oversight and accountability across stakeholders to protect and prioritize patient interests.

Therefore, Sanofi supports policies that would correct the existing market distortions, including:



Mandating that service fees levied across the pharmaceutical supply chain (e.g., administration fees, data fees, formulary fees, etc.) are flat rather than charged as a percentage of the list price of a medicine.



Requiring that manufacturer rebates and discounts paid to PBMs and health insurers benefit patients by lowering out-of-pocket costs at the pharmacy counter.



Preventing PBMs, health plans, and other third-party entities from capturing copay assistance through diversion of funds intended to reduce patient cost-sharing or denial of coverage for their medicine.



Allowing patients in federal health insurance programs to access manufacturer co-pay assistance programs when no generic or biosimilar alternative is available.



Driving toward a sustainable future of continued investment in innovation and affordability by establishing appropriate system guardrails to protect against misuse, diversion, or exploitation of prices set by 340B and the IRA.



Sanofi supports policy solutions that preserve drug discovery and development while ensuring broad and affordable patient access to life-changing medicines.

Learn more about policy changes we support to make the system work better for patients.

[Learn more →](#)