

# 2018

## JANSSEN U.S. TRANSPARENCY REPORT

### EXECUTIVE SUMMARY

#### QUICK FACTS FROM THE 2018 JANSSEN U.S. TRANSPARENCY REPORT

OUR 2018 JANSSEN U.S. TRANSPARENCY REPORT demonstrates our commitment to responsible business practices that put patients first, including how we invest our resources, price our medicines, and help people who need Janssen medicines get access to them. We believe enhancing transparency is a positive step toward a more sustainable, results-based health system that delivers greater access to care at a more manageable cost. Here are five things to know from the Report:



#### 1.

**For the second year in a row, the average net price of our medicines decreased.**

In 2018, our average net price declined 6.8%.<sup>1</sup>

This is because the approximately \$21 billion in discounts and rebates we provided to payers and providers outweighed our single-digit list price increase.<sup>2</sup>



#### 2.

**Our investment in research and development is 86% more than what we spent on marketing and sales.<sup>3</sup>**

In 2018, we invested \$8.4 billion in global R&D.<sup>4</sup> And we have more than 100 potential new medicines in development.



#### 3.

**We've developed a common-sense way to make clearer for patients what they may pay for our medicines.**

Starting with our most frequently prescribed medicine, we're voluntarily including list price and typical out-of-pocket costs in our U.S. pharmaceutical TV advertising, with additional information available online.



#### 4.

**We helped approximately 1 million patients with access, affordability, and treatment support through the Janssen CarePath program.<sup>5</sup>**

This includes approximately 550,000 commercially insured patients who reduced their out-of-pocket costs through the Janssen CarePath Savings Program.<sup>6</sup>

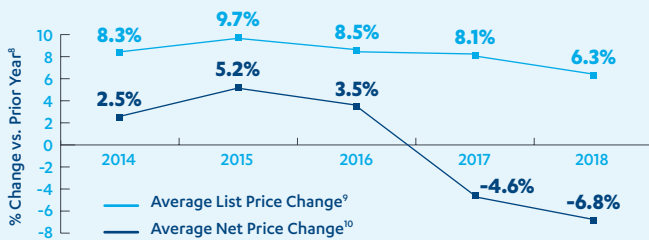


#### 5.

**We worked with stakeholders to advance our ideas for a better healthcare system.**

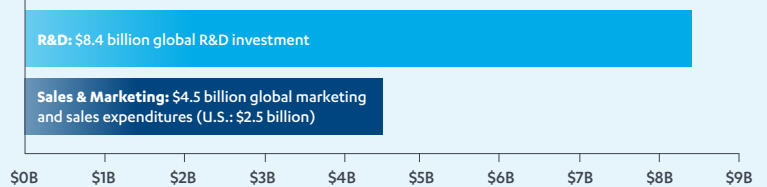
We've forged value-based contracts with payers, participated in partnerships to explore value-based care models, and proposed practical policy solutions to bring down costs for patients.

### OUR U.S. PRICING OVERVIEW<sup>7</sup>



### OUR INVESTMENT IN R&D

In 2018, we invested **86% more in R&D** than we spent on marketing and sales.<sup>11</sup>



Visit [janssen.com/ustransparencyreport](http://janssen.com/ustransparencyreport) to view the complete 2018 Janssen U.S. Transparency Report.

References: 1. Represents the year-over-year change in the average net price, which is WAC less rebates, discounts, and returns. 2. Figure according to Janssen internal financial accounting. 3. Ibid. 4. Johnson & Johnson, FY18-Q4 Form 10-K for the period ending December 30, 2018 (filed February 20, 2019). 5. Data is an approximate number of patients supported by Janssen CarePath provided by the program administrator. In previous years this data included patients helped through Janssen CarePath separately from JANSSEN CONNECT®. In 2018, we expanded the Janssen CarePath program offerings to include resources previously provided under JANSSEN CONNECT®. 6. Ibid. 7. Pricing overview reflects U.S. product portfolio including pharmaceutical products marketed by the company. Products are primarily in the areas of Immunology, Oncology, Cardiovascular & Metabolism, Infectious Diseases, Neuroscience, and Pulmonary Arterial Hypertension. 8. Annual percent change vs. prior year calculated at product level and weighted across company's U.S. product portfolio. 9. Represents the year-over-year change in the average list price, or wholesale acquisition cost (WAC). 10. Represents the year-over-year change in the average net price, which is WAC less rebates, discounts, and returns. 11. Figure according to Janssen internal financial accounting.

## A MESSAGE FROM OUR LEADERS

SCOTT WHITE AND ANASTASIA G. DAIFOTIS, M.D.

**Scott White**  
Company Group Chairman  
North America Pharmaceuticals  
Johnson & Johnson™

**Anastasia G. Daifotis, M.D.**  
Chief Scientific Officer  
Janssen North America  
Pharmaceuticals

**WE KNOW THAT IN TODAY'S COMPLEX HEALTHCARE SYSTEM,** patients and families are increasingly concerned about their ability to access and afford healthcare, including prescription medicines. These concerns have rightfully led to calls for greater transparency into the world of healthcare.

We are therefore pleased to present the 2018 Janssen U.S. Transparency Report—a window into how, at the Janssen Pharmaceutical Companies of Johnson & Johnson, we discover, develop, and make available medicines that treat and cure some of the world's most challenging diseases.

With this year's Report, we are building on a legacy of leadership in transparency and responsible business practices. We continue to make disclosures related to our research and development investment, our approach to pricing, and the support programs we make available for eligible patients, and we reiterate our support for a more results-based healthcare system that rewards value over volume. Information on our key disclosures can be found on the reverse side of this document. Further, in the spirit of open dialogue that delivers workable ideas for system change, this year we also share our ideas and perspectives on policy proposals, with the goal of building on what is working in our healthcare system while fixing what is not.

We make these disclosures at a critical moment in the history of U.S. healthcare. In recent years, increased transparency has yielded important insights about why patients feel they're paying more out of pocket for their medicines. Government leaders are translating those insights into action, taking steps intended to lower costs. The current moment offers an unprecedented opportunity to minimize the barriers that stand between patients and affordable access to their medicines.

Historic medical advances add to the urgency of the task. It is now possible to treat diseases once thought beyond a cure, and new scientific insights promise advances yet to come. In decisions we as a society make about the future of healthcare, we need to remember

the full value such advances ultimately deliver. For example, over the last two decades patient outcomes for diseases including HIV, heart disease, and lung cancer have improved substantially, while the cost of treating those diseases has decreased or risen only modestly. The fact that this progress is due largely to medicines<sup>12</sup> is yet another reminder that all patients should have access to the medicines they need.

The status quo is not acceptable, and we are committed to generating sustainable solutions. We want these solutions to give hope to patients today—and foster the life-changing innovation that will give ever-increasing hope to patients tomorrow.

In the meantime, greater transparency is a critical step toward giving patients the clarity they need about their healthcare options and out-of-pocket costs (and patients need greater transparency from every stakeholder in the system). We want this Report to be useful to them—and to anyone who shares our commitment to developing a more results-based healthcare system that delivers what we all want: greater access to care, at more manageable cost, and, most importantly, better health for all.

Sincerely,



**Scott White**  
Company Group Chairman  
North America Pharmaceuticals  
Johnson & Johnson



**Anastasia G. Daifotis, M.D.**  
Chief Scientific Officer  
Janssen North America  
Pharmaceuticals

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