



**Majority Staff Report  
February 15, 2023**

## **The Pharma Pandemic Profiteers:**

*50 Pharmaceutical Executives in 10 Companies Made \$1.9 Billion in 2021 and could receive \$2.8 Billion in Golden Parachutes*

*10 Pharmaceutical CEOs Could Receive \$1.6 Billion in Golden Parachutes, while Americans Struggle to Afford Life-Saving Drugs*

*10 Pharmaceutical Companies Made \$102 Billion in Profits in 2021 – a 137% increase from 2020*

All over this country, the American people want to know: Why is it that the United States pays, by far, the highest prices in the world for prescription drugs?

Why is it that nearly one out of every four adults cannot afford the medicine prescribed by their doctors?

Why do nearly half of all new prescription drugs in the United States cost more than \$150,000 a year?

How is it that in Canada and other major countries the same medications manufactured by the same companies, sold in the same bottles, are available for a fraction of the price that we pay in the United States?

The answers to these questions are not complicated. In fact, they can be summed up in three words: unprecedented corporate greed.

Over the past 25 years, the pharmaceutical industry has spent \$8.5 billion on lobbying and over \$745 million on campaign contributions to get Congress and the government to do its bidding.<sup>1</sup> Incredibly, last year, the drug companies hired over 1,700 lobbyists including the former congressional leaders of both major political parties – over three pharmaceutical industry lobbyists for every Member of Congress.<sup>2</sup> And it has paid off – big time.

Senator Bernie Sanders, Chair of the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP Committee), directed his HELP Committee staff to create a series of reports focused on the executive compensation practices of pharmaceutical companies to help spur

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<sup>1</sup> HELP Committee majority staff analysis based on Industry Profile: Pharmaceuticals/ Health Products, OPEN SECRETS, <https://www.opensecrets.org/federal-lobbying/industries/summary?id=H04> (last accessed Feb. 9, 2023) and Pharmaceutical Manufacturing Lobbying, OPEN SECRETS, <https://www.opensecrets.org/industries/lobbying.php?cycle=2022&ind=H4300> (last accessed Feb. 9, 2023).

<sup>2</sup> *Id.*

Congressional action to address this unacceptable corporate greed. This report, the first in the series, looks at the publicly available reported income for top executives at some of the nation’s largest pharmaceutical companies.

As millions of Americans suffer and many have died because they cannot afford the medications they need, the pharmaceutical industry boasts far higher profit margins than other major industries – more than the banking industry, oil and gas companies, or global media conglomerates.<sup>3</sup>

In fact, ten of the top pharmaceutical companies in the U.S. – AbbVie, Pfizer, Johnson & Johnson, Eli Lilly, Merck, Moderna, Bristol-Myers Squibb, Amgen, Gilead Sciences, and Regeneron Pharmaceuticals – made a total of more than \$102 billion in profits in 2021 – a 137 percent increase from the previous year.<sup>4</sup>

While people from Vermont to California are making the unacceptable choice between feeding their families or purchasing the life-saving medicine they need, executives employed by these huge pharmaceutical companies are making out like bandits.

In 2021 alone, 50 top executives in these ten pharmaceutical companies took home over \$1.9 billion in compensation and stock awards.<sup>5</sup> Those 50 pharmaceutical executives are also in line to receive golden parachutes amounting to more than \$2.8 billion when they depart the companies.<sup>6</sup> Those golden parachutes are tied to the company’s stock price and provide executives with massive payouts if they leave the company on good terms after hitting certain stock price targets – a tactic to ensure executives focus on increasing their company’s stock prices at the expense of Americans who cannot afford their life-saving medication.<sup>7</sup> While drug company executives are lavished with exorbitant compensation packages and morally obscene golden parachutes, senior citizens throughout our country are forced to split their pills in half because of the outrageously high prices charged by the pharmaceutical industry.

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<sup>3</sup> Ledley, et al., *Profitability of Large Pharmaceutical Companies Compared with Other Large Public Companies*, 323 J. of the Am. Med. Ass’n 834 (2020); “High Drug Prices and Patient Costs: Millions of Lives and Billions of Dollars Lost,” WESTHEALTH (Nov. 18, 2020), <https://www.cidssa.org/publications/xcenda-summary>.

<sup>4</sup> HELP Committee majority staff analysis based on ABBVIE, 2021 ANNUAL REPORT ON FORM 10-K (2022); AMGEN INC., PROXY STATEMENT AND NOTICE OF ANNUAL MEETING OF STOCKHOLDERS (2022); BRISTOL-MYERS SQUIBB COMPANY, 2022 ANNUAL MEETING OF SHAREHOLDERS (2022); ELI LILLY AND CO., NOTICE OF 2022 ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT (2022); GILEAD SCIENCES, INC., 2022 NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT (2022); JOHNSON & JOHNSON, 2022 PROXY STATEMENT (2022); MERCK & CO., INC., 2022 NOTICE OF ANNUAL MEETING AND PROXY STATEMENT (2022); MODERNA, INC., 2022 PROXY STATEMENT (2022); PFIZER INC., 2021 ANNUAL REPORT ON FORM 10-K (2022); REGENERON PHARMACEUTICALS, INC., 2022 PROXY STATEMENT AND NOTICE OF ANNUAL SHAREHOLDER MEETING (2022).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> See, e.g., Spencer Kimball, *Moderna CEO Bancel’s golden parachute soared by hundreds of millions over the pandemic*, CNBC (Mar. 10, 2022), <https://www.cnbc.com/2022/03/10/moderna-ceos-golden-parachute-soared-by-hundreds-of-millions-over-the-pandemic.html>; Katie Thomas, *Valeant’s Former C.E.O. to Receive \$9 Million Severance*, N.Y. TIMES (May 31, 2016), <https://www.nytimes.com/2016/06/01/business/c-michael-pearson-former-valeant-chief-to-receive-9-million-severance.html>.

The reality is that pharmaceutical companies are experts at hiding the true scope of their greed. They publish executives' salaries, stock options, and perks as "reported compensation," but fail to explain the true value of the money their executives take in. For example, AbbVie CEO Richard Gonzalez's reported compensation in 2021 was \$23.9 million.<sup>8</sup> But after accounting for the value of his stocks and stock options, that number balloons to nearly \$62 million.<sup>9</sup> Eli Lilly CEO David Ricks' reported compensation was \$21.5 million, but with his stocks and stock options, that number increases to more than \$67 million.<sup>10</sup> Incredibly, while Regeneron Pharmaceuticals CEO Leonard Schleifer's reported compensation was \$6.5 million, the value of his stock options brought his total to an astronomical \$452.8 million in 2021.<sup>11</sup>

On top of those massive sums, executives receive assurances that they could receive substantial compensation if they exit their company on good terms and with a high stock price. Moderna CEO Stéphane Bancel, who became a billionaire after U.S. taxpayers gave his company billions of dollars to research, develop and distribute its COVID-19 vaccine, will receive an estimated \$926 million golden parachute after he leaves the company.<sup>12</sup> Gonzalez, the AbbVie CEO, may receive a golden parachute worth over \$113 million.<sup>13</sup>

The ten individuals who serve as CEOs of the pharmaceutical companies examined here all have similar arrangements. In total, those ten people alone could be handed as much as \$1.6 billion in severance packages when they depart their companies on top of the tens of millions they took home in each year of their tenure.<sup>14</sup>

Some of these executives have been especially brazen in recent years – including at two companies that profited from the COVID-19 pandemic. At Pfizer, CEO Albert Bourla saw a 36% increase in his total compensation – from \$17.9 million to \$24.3 million – between 2019 and 2021 as the company profited from its COVID-19 vaccine.<sup>15</sup>

Moderna saw far greater returns from its COVID-19 vaccine, the company's only approved drug and one that relied heavily on federally funded research with many of its executives becoming billionaires during the pandemic.<sup>16</sup> While nearly 1.1 million Americans died from COVID-19 in the last three years and over 100 million more became ill, Moderna used the profits from its COVID-19 vaccine to provide incredibly extravagant compensation packages to

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<sup>8</sup> ABBVIE, *supra* note 4.

<sup>9</sup> HELP Committee majority staff analysis based on ABBVIE, *supra* note 4.

<sup>10</sup> HELP Committee majority staff analysis based on ELI LILLY, *supra* note 4.

<sup>11</sup> HELP Committee majority staff analysis based on REGENERON PHARMACEUTICALS, INC., *supra* note 3. See also Julia Kollewe, *US drugmaker Regeneron under fire for 'excessive' payouts to executives*, THE GUARDIAN (June 10, 2021), <https://www.theguardian.com/business/2021/jun/10/us-drugmaker-regeneron-under-fire-for-excessive-payouts-to-executives>.

<sup>12</sup> Kimball, *supra* note 7.

<sup>13</sup> HELP Committee majority staff analysis based on ABBVIE and MODERNA, INC, both *supra* note 4; see also Kimball, *supra* note 7.

<sup>14</sup> HELP Committee majority staff analysis based on ABBVIE, AMGEN, INC., BRISTOL-MYERS SQUIBB COMPANY, ELI LILLY, GILEAD SCIENCES, INC., JOHNSON & JOHNSON, MERCK & CO, INC., MODERNA, PFIZER INC., REGENERON PHARMACEUTICALS, INC., *supra* note 2.

<sup>15</sup> HELP Committee majority staff analysis based on PFIZER INC., *supra* note 2.

<sup>16</sup> Sheryl Gay Stolberg & Rebecca Robbins, *Moderna and U.S. at Odds Over Vaccine Patent Fight*, N.Y. TIMES (Nov. 9, 2021), <https://www.nytimes.com/2021/11/09/us/moderna-vaccine-patent.html>.

top officials at the company. In addition to CEO Bancel becoming a multi-billionaire as a direct result of the Moderna vaccine, with Forbes currently estimating his wealth at \$5.7 billion, Noubar Afeyan, Moderna's chairman and co-founder, is currently worth \$1.9 billion; Robert Langer, another co-founder of Moderna, is also worth \$1.9 billion; and Timothy Springer, a founding investor in Moderna is now worth \$2.4 billion.<sup>17</sup>

Two other top Moderna executives, Stephen Hoge and Juan Andres, owned stocks that vested at a total of \$360 million in Moderna stock in 2021 alone – on top of their \$7.8 million and \$6.6 million salaries, respectively – all while the company fought efforts to acknowledge the role of federal government in creating their single product.<sup>18</sup>

Johnson & Johnson's CEO, Alex Gorsky, made 297 times more than his company's average employee in total compensation in 2021 – which does not count the \$12.4 million in stock options that “vested,” or came into his control, in the same year.<sup>19</sup> Eli Lilly's CEO, David Ricks, earned \$21.5 million – more than 220 times more than the median Eli Lilly employee's salary.<sup>20</sup>

The other companies on this list also took massive amounts of wealth away from working people. The chart on the following page represents one of the most significant transfers of wealth in modern history – billions of dollars flowing out of the pockets of millions of Americans who are sick and desperate and into the stock portfolios of a tiny handful of wealthy pharmaceutical executives. That is absolutely unacceptable. From both a moral and economic perspective, the United States Congress and the Administration has a responsibility to rein in the greed of these pharmaceutical pandemic profiteers. This is an issue that the Senate HELP Committee will be addressing.

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<sup>17</sup> *Profile: Stéphane Bancel*, FORBES, <https://www.forbes.com/profile/stephane-bancel/?sh=2344e4473742> (last accessed Feb. 9, 2023); *Profile: Noubar Afeyan*, FORBES, <https://www.forbes.com/profile/noubar-afeyan/?sh=3e814bac1d14> (last accessed Feb. 9, 2023); *Profile: Robert Langer*, FORBES, <https://www.forbes.com/profile/robert-langer/?sh=33d05a7a4537> (last accessed Feb. 9, 2023); *Profile: Timothy Springer*, FORBES, <https://www.forbes.com/profile/timothy-springer/?sh=7f01fd6d2b2d>.

<sup>18</sup> The Extraordinary Rise and Fall of the Covid Billionaires, Bloomberg News (Oct. 17, 2022), <https://www.bloomberg.com/graphics/2022-covid-billionaires/#xj4y7vzkg>; Stolberg & Robbins, *supra* note 15.

<sup>19</sup> HELP Committee majority staff analysis based on JOHNSON & JOHNSON, *supra* note 4.

<sup>20</sup> HELP Committee majority staff analysis based on ELI LILLY, *supra* note 4.

COMPANY <sup>21</sup>	2021 CEO COMPENSATION AND GOLDEN PARACHUTES	2021 TOP EXECUTIVES' TOTAL COMPENSATION
 abbvie	President <b>Richard A. Gonzalez</b> made nearly <b>\$62 million</b> and could receive more than <b>\$113 million</b> when he leaves the company	Top five executives took home over <b>\$140 million</b> in compensation
 AMGEN	CEO <b>Robert A. Bradway</b> made more than <b>\$48 million</b> in compensation and could receive more than <b>\$36 million</b> when he leaves the company	Top five executives took home over <b>\$92 million</b> in compensation and stock awards
 Bristol Myers Squibb	CEO <b>Giovanni Caforio</b> made more than <b>\$33 million</b> and could receive more than <b>\$37 million</b> when he leaves the company	Top five executives took home <b>\$85 million</b> in compensation and stock awards
 Lilly	President & CEO <b>David A. Ricks</b> made more than <b>\$67 million</b> in compensation and could receive over <b>\$91 million</b> when he leaves the company	Top five executives took home over <b>\$104 million</b> in compensation and stock awards
 GILEAD	CEO <b>Daniel P. O'Day</b> made more than <b>\$23 million</b> in compensation and could receive nearly <b>\$61 million</b> when he leaves the company	Top five executives took home nearly <b>\$52 million</b> in compensation
 Johnson & Johnson	Chairman & CEO <b>Alex Gorsky</b> made more than <b>\$39 million</b> in compensation and could receive over <b>\$56 million</b> when he leaves the company	Top five executives took home more than <b>\$103 million</b> in compensation
 MERCK	CEO <b>Robert M. Davis</b> made more than <b>\$17 million</b> in compensation and could receive nearly <b>\$22 million</b> when he leaves the company	Top five executives took home more than <b>\$107 million</b> in compensation and stock awards
 moderna	CEO <b>Stéphane Bancel</b> made over <b>\$18 million</b> in compensation and could receive more than <b>\$926 million</b> when he leaves the company	Top five executives took home over <b>\$409 million</b> in compensation and stock awards
 REGENERON	CEO <b>Leonard S. Schleifer</b> made nearly <b>\$453 million</b> in compensation and could receive almost <b>\$130 million</b> when he leaves the company	Top five executives took home nearly <b>\$718 million</b> in compensation and stock awards
 Pfizer	Chairman & CEO <b>Albert Bourla</b> made more than <b>\$31 million</b> and could receive nearly <b>\$113 million</b> when he leaves the company	Top five executives took home more than <b>\$86 million</b> in compensation

<sup>21</sup> All information in the chart drawn from HELP Committee majority staff analysis based on ABBVIE, AMGEN, INC., BRISTOL-MYERS SQUIBB COMPANY, ELI LILLY, GILEAD SCIENCES, INC., JOHNSON & JOHNSON, MERCK & CO, INC., MODERNA, PFIZER INC., REGENERON PHARMACEUTICALS, INC., *supra* note 4.