Three National Foundations Commit $30 Million to Civica Rx, a Groundbreaking Effort to Address Shortages and High Prices of Life-Saving Medications

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Laura and John Arnold Foundation, Peterson Center on Healthcare and Gary and Mary West Foundation Each Commit $10 Million to New, Not-for-Profit Generic Drug Company

Houston, TX; New York, NY; and San Diego, CA (Sept. 6, 2018)— To address the critical risks posed to patients from chronic shortages and rising prices of life-saving generic medications, three national foundations committed $30 million to help establish Civica Rx, a new not-for-profit generic drug company. The Laura and John Arnold Foundation, the Peterson Center on Healthcare and the Gary and Mary West Foundation each committed $10 million, joining seven large U.S. hospital systems representing approximately 500 U.S. hospitals as governing members of Civica Rx. The formation of Civica Rx was announced earlier today.

Civica Rx has identified 14 hospital-administered generic drugs as its initial focus, seeking to stabilize the supply of essential medications, many of which have fallen into chronic shortage situations. The company expects to release its first products as early as 2019.

As members of the Civica Rx Board of Directors, the three foundations will work to further support and safeguard the company’s non-profit, social welfare mission to provide affordable, essential generic drugs to ensure a predictable supply and competitive marketplace.

Each of the philanthropic members is making an initial $1 million contribution to Civica Rx and a commitment of $9 million in loans to be used by the company in the future as necessary. Funds from the foundations will be used exclusively to further their charitable purposes by funding programs and initiatives that will provide high-need populations with timely access to essential generic drugs at affordable prices.

“The chronic shortage of critical drugs compounded with skyrocketing prices is a double blow to our most disadvantaged populations,” said Kelli Rhee, President and Chief Executive Officer of the Laura and John Arnold Foundation. “As we continue to pursue more comprehensive solutions, this initiative will disrupt the current market dynamic and provide short-term relief.”

“Ensuring that patients can access and afford life-saving medications is critical to our mission to improve healthcare quality and lower costs,” said Jay Want, Executive Director of the Peterson Center on Healthcare. “Civica Rx represents a truly groundbreaking, market-based approach to help ensure patients get the care they need at prices they can afford.”

“The formation of Civica Rx is a direct challenge to generic drug companies who have sharply and unfairly raised prices on many off-patent drugs over the last several years,” said Shelley Lyford, President and Chief Executive Officer of the Gary and Mary West Foundation. “We all pay a price, and lower-income patients shoulder a particularly heavy burden. This intolerable situation has escalated to a public health crisis. It’s time to put patients before profits and begin the transformation of healthcare that Americans deserve. We’re confident Civica Rx provides a critical initial step with incredible potential.”

In addition to the three foundations, initial governing members of Civica Rx will include the following U.S. hospital systems: Catholic Health Initiatives, HCA Healthcare, Intermountain Healthcare, Mayo Clinic, Providence St. Joseph Health, SSM Health, and Trinity Health. The seven hospital organizations and the three foundation members will each serve on the Civica Rx Board of Directors and provide much of the company's initial capitalization. The U.S. Department of Veterans Affairs (VA) also will work in consultation with Civica Rx to address its particular needs. Additional health systems participating with Civica Rx will be announced later this year.

Civica Rx is organized as a Delaware non-stock, not-for-profit corporation, and will be headquartered in Utah.

About the Laura and John Arnold Foundation
The Laura and John Arnold Foundation’s core objective is to improve the lives of individuals by strengthening our nation’s social, governmental, and economic systems. Its investments are focused on criminal justice, health care, sustainable public finance, education, evidence-based policy and several other key areas. LJAF has offices in Houston, New York City, and Washington, D.C.

About the Peterson Center on Healthcare
The Peterson Center on Healthcare is a non-profit organization dedicated to making higher quality, more affordable healthcare a reality for all Americans. The organization is working to transform U.S. healthcare into a high-performance system by finding innovative solutions that improve quality and lower costs, and accelerating their adoption on a national scale. Established by the Peter G. Peterson Foundation, the Center collaborates with stakeholders across the healthcare system and engages in grant-making, partnerships, and research.

About the Gary and Mary West Health Foundation
Inspired by its founders and sole funders, Gary and Mary West, the Gary and Mary West Foundation is dedicated to lowering healthcare costs and increasing access to high-quality, affordable models of care that enable seniors to successfully age in place. As part of the West Health family of nonprofit, nonpartisan organizations based in San Diego and Washington D.C., the Foundation works with its Institute and Policy Center using philanthropy, applied medical research, policy and advocacy to transform healthcare across America.

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