Rx Price Watch

Brand Name Prescription Drug Prices Increase by Double-Digit Percentage for Fourth Straight Year

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• In 2015, retail prices for 268 widely used brand name prescription drugs increased by 15.5 percent. In contrast, the general inflation rate was 0.1 percent over the same period.

• The average annual cost for one brand name medication used on a chronic basis was more than $5,800 in 2015, almost $1,000 higher than the average annual cost of therapy in 2014.

For the average consumer who takes 4–5 brand name prescription drugs on a chronic basis, the annual cost of therapy would have been more than $26,000 during 2015—more than the median annual income for Medicare beneficiaries.

• If these trends continue, the cost of drugs will prompt increasing numbers of older Americans to stop taking necessary medications—leading to poorer health outcomes and higher overall health care costs.

• Prescription drug price increases also affect employers, private insurers, and taxpayer-funded programs like Medicare and Medicaid. Spending increases driven by high and growing drug prices will eventually affect all Americans in some way.

— Those with private health insurance will pay higher premiums and cost sharing for their health care coverage. Over time, it could also lead to higher taxes and/or cuts to public programs to accommodate increased government spending.

• Policymakers should consider regulatory and legislative action that balances the need for pharmaceutical innovation with the need for improved health and the financial security of consumers and taxpayer-funded programs like Medicare and Medicaid.

This Rx Price Watch is a summary of the report Trends in Retail Prices of Brand Name Prescription Drugs Widely Used by Older Americans, 2006 to 2015.

To view the full report, visit:
http://www.aarp.org/rxpricewatch.
FIGURE 1
AVERAGE ANNUAL BRAND NAME DRUG PRICES CONTINUE TO GROW SUBSTANTIALLY FASTER THAN GENERAL INFLATION IN 2015

Prepared by the AARP Public Policy Institute and the PRIME Institute, University of Minnesota, based on data from Truven Health MarketScan® Research Databases.

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