

Rx Price Watch

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

Stephen W. Schondelmeyer
PRIME Institute, University of Minnesota

Leigh Purvis
AARP Public Policy Institute

- 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*.

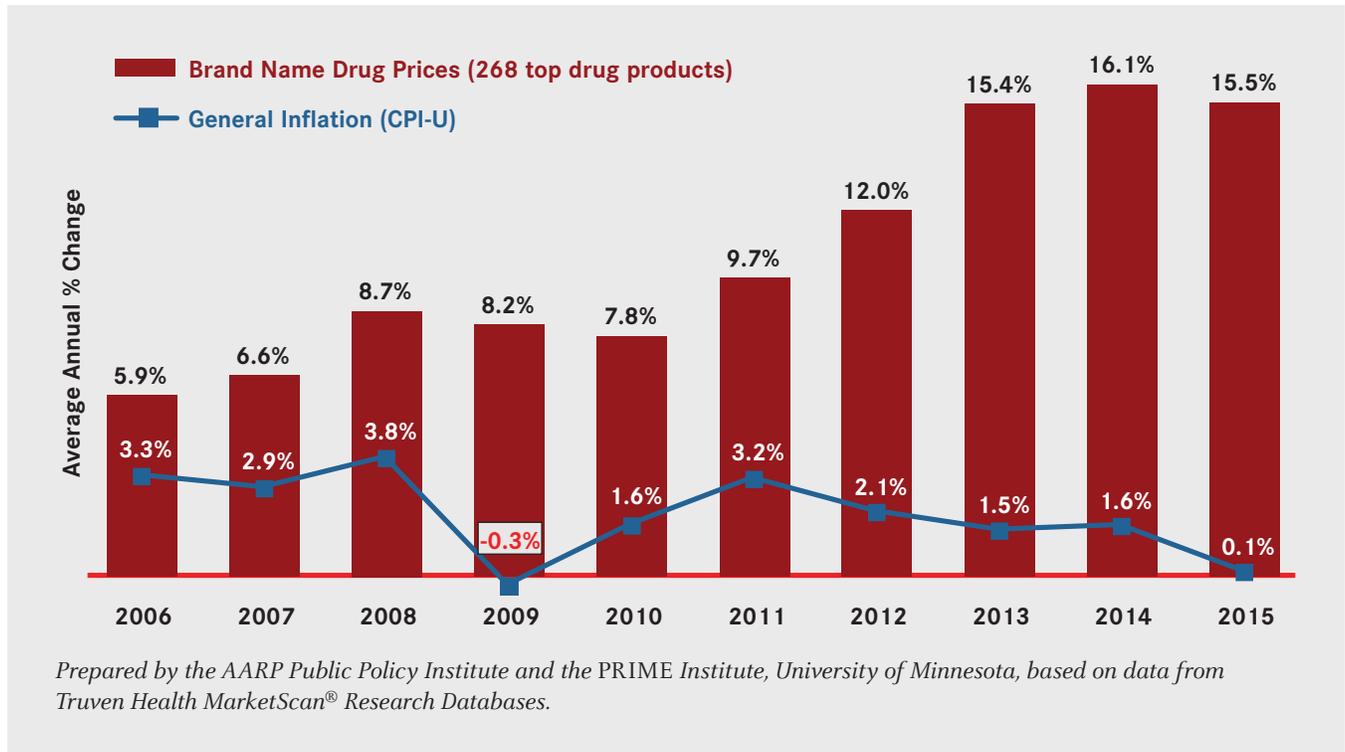
To view the full report, visit:

<http://www.aarp.org/rxpricewatch>.



**Public Policy
Institute**

FIGURE 1
AVERAGE ANNUAL BRAND NAME DRUG PRICES CONTINUE TO GROW SUBSTANTIALLY FASTER THAN GENERAL INFLATION IN 2015



Summary of Rx Price Watch 2016-04,
 December 2016

© **AARP PUBLIC POLICY INSTITUTE**
 601 E Street, NW
 Washington DC 20049

Follow us on Twitter @AARPolicy
 on facebook.com/AARPolicy
 www.aarp.org/ppi

For more reports from the Public Policy
 Institute, visit <http://www.aarp.org/ppi/>.

