

Rx Price Watch

Specialty Prescription Drug Prices Continue to Climb

Stephen W. Schondelmeyer
PRIME Institute, University of Minnesota

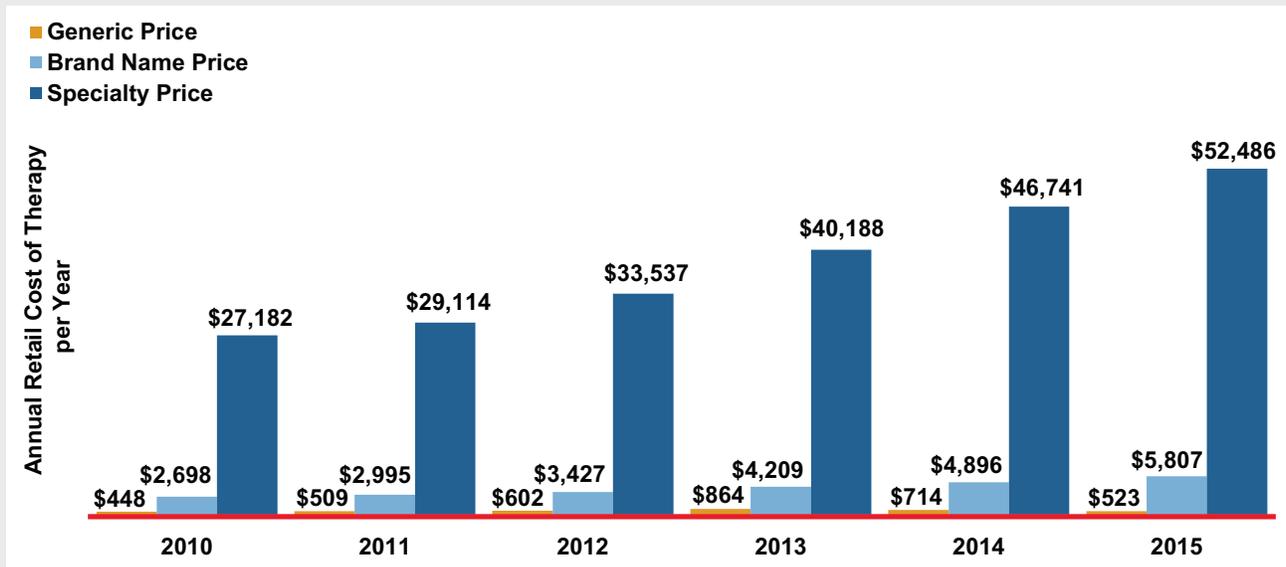
Leigh Purvis
AARP Public Policy Institute

- Specialty drugs have never been precisely and consistently defined but generally include drugs used to treat complex, chronic conditions and require special administration, handling, and patient care management.
- In 2015, retail prices for 101 widely used specialty prescription drugs increased by an average of 9.6 percent—the highest average annual increase since at least 2006. In contrast, the general inflation rate was 0.1 percent over the same period.
- The average annual cost for one specialty medication used on a chronic basis was \$52,486 in 2015. This cost was
 - Slightly less than the median US household income (\$55,775),
 - More than twice the median income for Medicare beneficiaries (\$25,150), and
 - More than three and a half times higher than the average Social Security retirement benefit (\$16,101).
- For a consumer who takes a specialty drug on a chronic basis, the average annual cost of therapy for the specialty drug products used to treat chronic conditions rose by almost \$35,000 between 2006 and 2015.
- The average annual price of therapy for specialty prescription drugs was 9 times higher than the average annual price of therapy for brand name prescription drugs and 100 times higher than the average annual price of therapy for generic prescription drugs.
- Prescription drug price increases affect consumers, employers, private insurers, and taxpayers who fund 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.
- If these trends continue, older Americans will be unable to afford the specialty prescription drugs that they need, leading to poorer health outcomes and higher health care costs in the future.



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Specialty Prescription Drug Prices are Considerably Higher than Other Prescription Drug Prices



Source: 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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