

Rx Price Watch

Brand Name Prescription Drug Prices Increase Four Times Faster than Inflation in 2017

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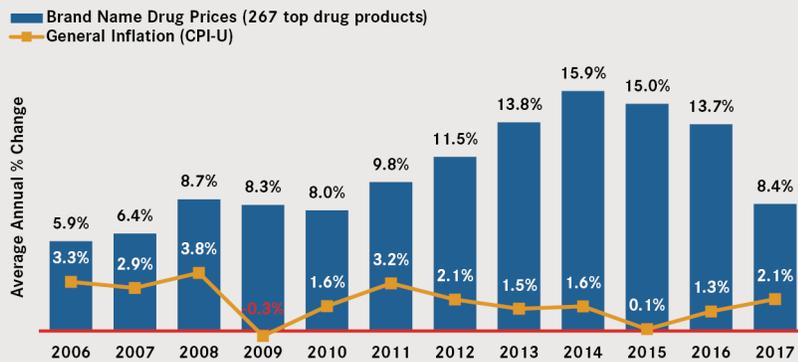
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In 2017, retail prices for 267 widely used brand name prescription drugs increased by 8.4 percent. In contrast, the general inflation rate was 2.1 percent over the same period.

- Brand name drug prices increased at double-digit rates for five years in a row (i.e., 2012 to 2016), reaching a peak level of 15.9 percent in 2014. For over a decade, brand name drug price increases have exceeded the general inflation rate by 2-fold to more than 100-fold.
- The average annual cost for one brand name medication used on a chronic basis was almost \$6,800 in 2017, almost \$1,000 higher than the average annual cost of therapy in 2015.
 - For the average older American who takes 4.5 brand name prescription drugs on a chronic basis, the annual cost of therapy would have been more than \$30,000 during 2017—more than 20 percent higher than the median annual income for Medicare beneficiaries (\$26,200).

- If retail price changes had been limited to inflation between 2006 and 2017, the average annual cost of drug therapy for one brand name drug used on a chronic basis would have been more than \$4,600 lower in 2017 (\$2,178 v. \$6,798).
- Spending increases driven by high and growing drug prices will affect all Americans in some way. Those with private health coverage will pay more in cost sharing and higher premiums for their health care coverage. In addition, increased government spending will ultimately lead to higher taxes and/or cuts to public programs.
- Policy makers who are interested in long-term, sustainable changes to brand name drug prices must pursue options that balance encouraging meaningful pharmaceutical innovation with the impact that drug prices and expenditures have on consumers and taxpayer-funded programs like Medicare and Medicaid.

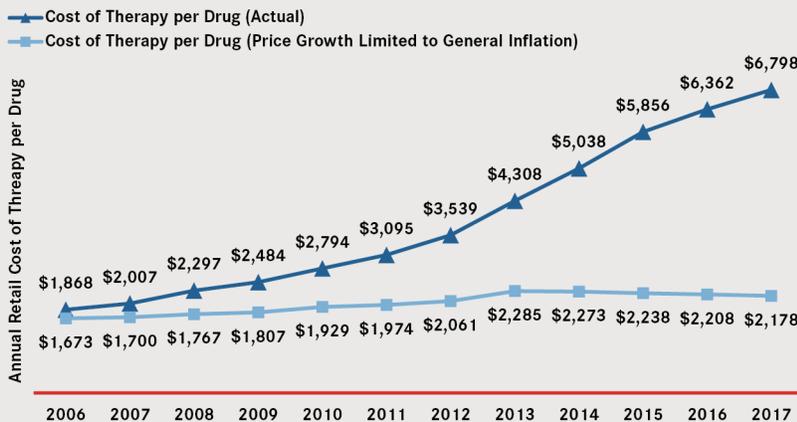
Average Annual Brand Name Drug Prices Continue to Grow Substantially Faster than General Inflation in 2017



Note: Calculations of the average annual brand name drug price change include the 267 drug products most widely used by older Americans.

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

Average Annual Cost of Brand Name Drugs Would Be Substantially Lower if Retail Price Changes Were Limited to General Inflation



Note: Calculations of the average annual brand name drug price change include the 214 drug products most widely used by older Americans for chronic conditions.

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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