

Rx Price Watch

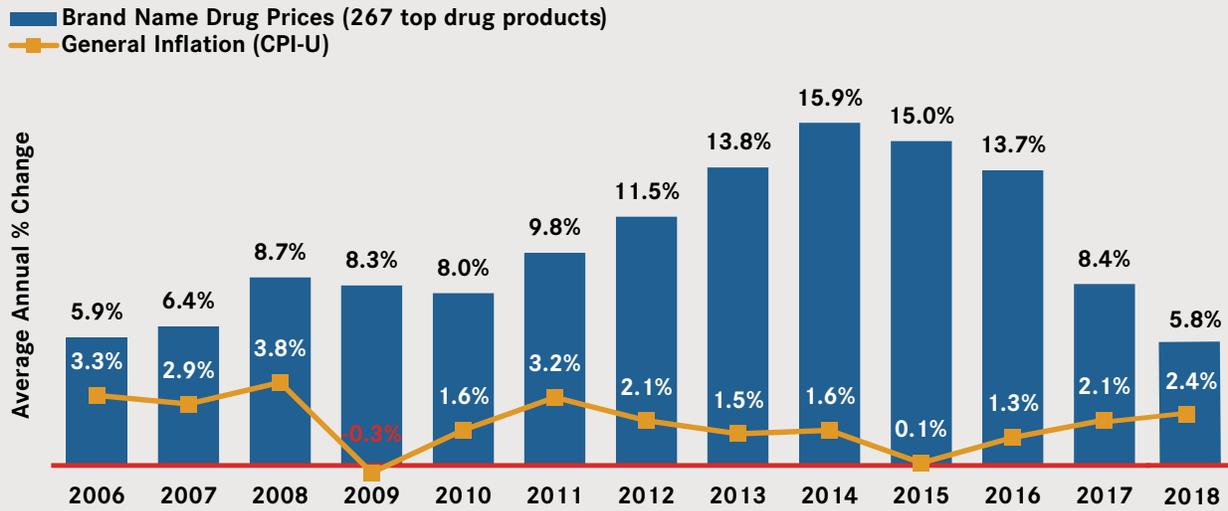
Brand Name Drug Prices Increase More than Twice as Fast as Inflation in 2018

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- In 2018, retail prices for 267 widely used brand name prescription drugs increased by 5.8 percent, contrasting with the general inflation rate of 2.4 percent over the same period.
 - Despite being more than twice as high as inflation, this was the slowest average annual price increase for widely used brand name prescription drugs since at least 2006. Notably, this comparatively slow rate of increase occurred in the absence of meaningful legislative change, making it difficult to determine whether the trend will continue.
- For over a decade, annual 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 more than \$7,200 in 2018, almost four times higher than in 2006.
 - For older Americans who take an average of 4.5 brand name prescription drugs on a chronic basis, the annual cost of therapy would have been more than \$32,000 during 2018—almost 25 percent higher than the median annual income for Medicare beneficiaries (\$26,200).
- If brand name drug retail price changes had been limited to inflation between 2006 and 2018, the average annual cost of drug therapy for one brand name drug used on a chronic basis would have been more than \$5,000 lower in 2018 (\$2,176 v. \$7,202).
- 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 sustainable changes to brand name drug prices must pursue options that balance encouraging meaningful pharmaceutical innovation with the impact that high drug prices and expenditures have on consumers and taxpayer-funded programs like Medicare and Medicaid.

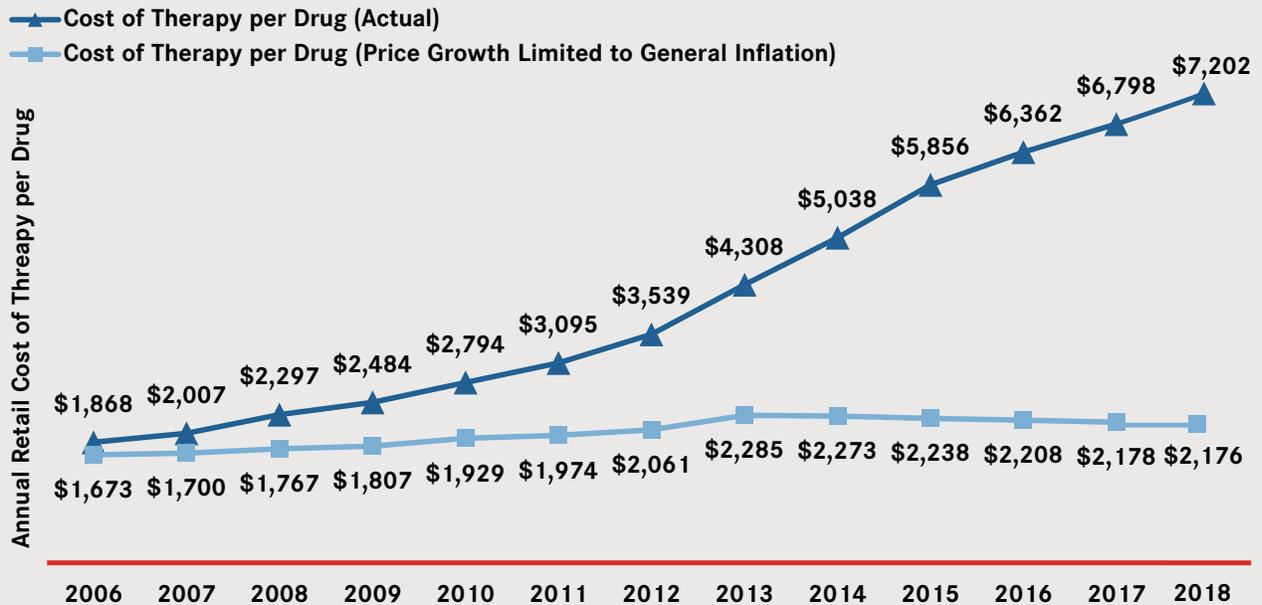
Average Annual Brand Name Drug Prices Increase at More than Double the Rate of General Inflation in 2018



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 More Than \$5,000 Lower in 2018 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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