

**Rx Price Watch Report****Brand Name Prescription Drug Prices Increase Over Twice as Fast as Inflation in 2020**

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In 2020, retail prices for 260 widely used brand name prescription drugs increased by 2.9 percent. In contrast, the general inflation rate was only 1.3 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 uncertain whether this trend will continue.

The average annual price increase for brand name prescription drugs widely used by older Americans has consistently slowed since 2014, which saw a double-digit percentage increase.

The average annual cost for one brand name medication used on a chronic basis was over \$6,600 in 2020, more than \$1,500 higher than the average annual cost of therapy in 2015.

- For the average older American taking 4.7 prescription drugs per month, the annual cost of therapy would have been more than \$31,000 for 2020—more than three and a half times the cost seen 15 years earlier.
- This amount exceeds the median annual income of Medicare beneficiaries (\$29,650).

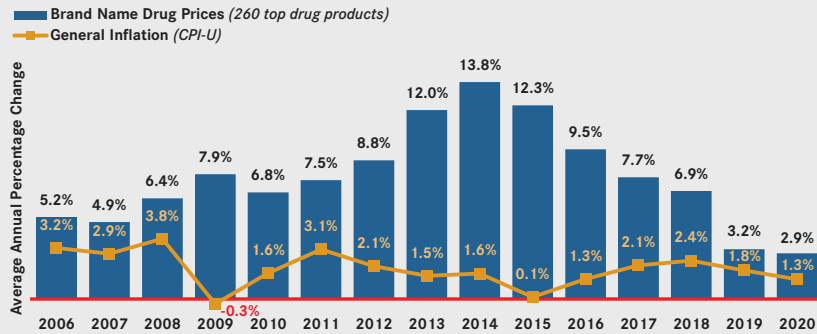
If retail price changes had not exceeded general inflation between 2006 and 2020, the average annual cost of drug therapy for one brand name drug used on a chronic basis would have been almost \$3,700 lower in 2020 (\$2,911 v. \$6,604).

- For the average older American taking 4.7 prescription drugs per month, this would translate into an annual cost of therapy that was more than \$17,000 less than the actual average cost of therapy in 2020 (\$13,682 v. \$31,037).

Spending increases driven by high and growing drug prices 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 ultimately leads 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.

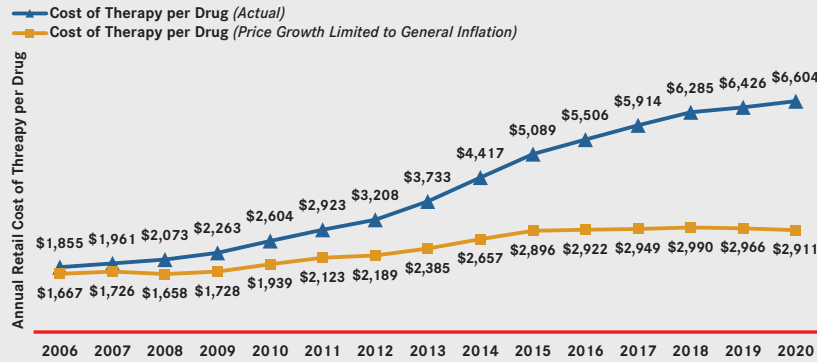
**Average Annual Brand Name Drug Prices Continue to Grow Faster than General Inflation in 2020**



Note: Calculations of the average annual brand name drug price change include the 260 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 IBM MarketScan® Research Databases.

**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 210 drug products most widely used by older Americans for chronic conditions.

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Rx Price Watch, June 2021

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<https://doi.org/10.26419/ppi.00144.001>

