

Rx Price Watch

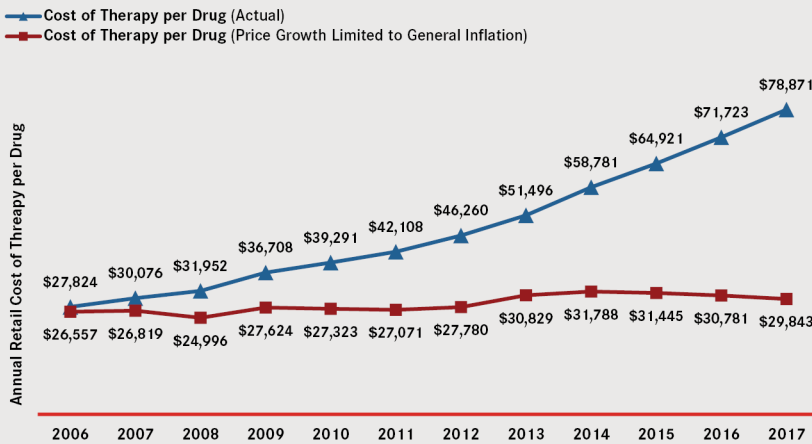
Rx Price Watch Report: Specialty Prescription Drug Prices Continue to Climb

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- 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. Another notable characteristic is that they are among the most expensive drugs on the market, with prices that can reach hundreds of thousands of dollars per year.
- In 2017, retail prices for 97 widely used specialty prescription drugs increased by an average of 7.0 percent. In contrast, the general inflation rate was 2.1 percent over the same period.
- The average annual cost for one specialty medication used on a chronic basis was \$78,781 in 2017. This cost was
 - Almost \$20,000 more than the median US household income (\$60,336),
 - More than three times the median income for Medicare beneficiaries (\$26,200), and
 - Over four-and-a-half times higher than the average Social Security retirement benefit (\$16,848).
- Notably, the average annual cost for one specialty medication used on a chronic basis would have
 - been \$29,843 in 2017—almost \$50,000 lower—if the retail price changes for these products had been limited to general inflation between 2006 and 2017.
- In 2017, the average annual price of therapy for specialty prescription drugs was almost 12 times higher than the average annual price of therapy for brand name prescription drugs and over 215 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.

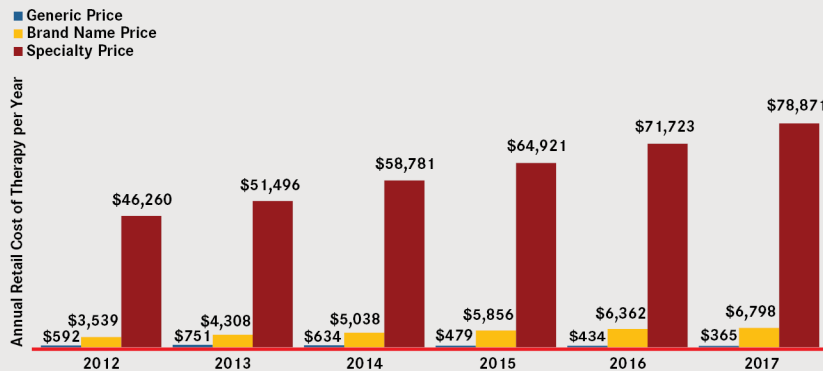
Average Annual Cost of Specialty Drugs Would Be Nearly \$50,000 Lower if Retail Price Changes Were Limited to General Inflation



Note: Calculations of the average annual specialty drug price change include the 61 drug products most widely used by older Americans for chronic conditions (see Appendix A).

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

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



Note: Calculations of average annual drug price of therapy included the drug products most widely used by older Americans for chronic conditions: generic drugs products (260), brand name drug products (214), and specialty drug products (61).

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