

How High Prescription Drug Costs Harm Families

Drug companies consistently set high prices, which forces families to make impossible choices between their health care and other basic needs. Drug companies set exorbitant prices by design to maximize their profits, while making misleading claims that high prices simply fund innovative new drugs. Despite this gaming, our political system makes it easy for drug companies to continue exploitative pricing. This piece explains how our current drug pricing system leads to unaffordable prescription drugs, and ultimately harms people's health.

Impact on Families

High drug prices force families to make impossible choices between their health and other basic needs and drive up the cost of coverage for everyone

- » Nearly one in three adults have not taken a medicine as prescribed due to its costs.¹
AND
- » Nearly one in three consumers facing increased drug costs spend less on groceries to account for the increase.²
- » All insured families bear the cost of high and rising drug prices in their premiums. In fact, almost 25 percent of a health care consumer's monthly premium goes to prescription drugs.³

Because high drug prices are a huge barrier to treatment compliance, family health suffers

- » Lack of medication adherence accounts for up to half of all treatment failures and one-quarter of hospital and nursing home admissions.⁴

- » Drug costs do not only interfere with appropriate use of medications. More than one in four consumers decline other medical tests or procedures or put off a doctor's visit when they experience increased drug costs.⁵

How Does this Happen?

Drug companies abuse patents and government-granted monopolies to limit competition and raise prices at abandon, not to create new medicines

- » Eight out of 10 new drug patents are for slight modifications to existing drugs, not innovative new products.⁶
AND
- » Nine out of 10 of the largest drug companies spend more on marketing than on researching new medicines.⁷
- » Taxpayer-funded research contributed to every one of the 210 drugs approved between 2010 and 2016.⁸

Jane from Orlando, FL, has delayed getting an important eye surgery because the price is too high for the eye drops she needs for recovery.

Drug companies charge so much because our political system lets them get away with it.

- » Drug companies spent \$172 million on lobbying in 2018 — more than any other industry.⁹
- » The U.S. government is prohibited by statute from negotiating drug prices in Medicare, which pays for nearly one third of all retail prescription drugs in the United States.¹⁰

Drug companies profit massively from the broken U.S. pricing system

- » Drug companies make two to four times higher profits than most major companies in other industries.¹¹ Most of these profits are derived from the American market.¹²
- » In 2017, brand-name drug companies raised prices in the United States four times faster than the rate of general inflation.¹³
- » The U.S. spends twice as much on prescriptions as economically comparable countries, including Canada, France, and the United Kingdom, despite purchasing fewer medicines per person.¹⁴

Lifesaving Medicines are Priced Out of Reach and in Ways that are Obviously Exploitative

- » Ten years ago, Naloxone, a life-saving drug used to treat opioid overdoses, cost just one dollar for a nasal spray. Now, it costs \$150, and the auto-injectable version costs \$4,500.¹⁵
- » EpiPen — a drug intended for emergency allergic reactions, and essential in childcare settings and schools — costs \$300 in the U.S. Meanwhile, its price is \$100 in Canada, and \$38 in the UK.¹⁶
- » The drug company AbbVie doubled the American price for its blockbuster anti-inflammatory drug, Humira, from \$19,000 in 2012, to \$38,000 in 2018.¹⁷ It became the most profitable drug in the world.

Shirley from Conway, SC said that paying for her insulin would take nearly four of her husband's paychecks.

People are fed up with high and rising drug prices

- » U.S. adults consistently rate drug companies as their least liked industry, ranked less favorably than oil companies, banks, and airlines.¹⁸
- » Eight out of 10 adults say prescription drug costs are unreasonable and are driven by pharmaceutical companies' profits.¹⁹
- » Nearly nine out of 10 voters support changing the law to allow the government to negotiate lower prices for people with Medicare.²⁰

High and rising prescription drug prices jeopardize consumers' health and well-being. As long as drug prices remain unchecked, families will continue to experience the health and financial burdens of high costs. Understanding the political roots of our problem with prescription drug prices is the first step toward finding solutions that can have a lasting impact for families.

Join the Fight against Rising Drug Costs

For more information on how to join the fight against rising drug costs, visit [Prescription Drug Costs](#) at Families USA or connect with Claire McAndrew, Director of Campaigns and Partnerships, at cmcandrew@familiesusa.org.

Endnotes

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- ⁵ Gill, op. cit.
- ⁶ R. Feldman. (October 31, 2017). May Your Drug Price Be Ever Green. UC Hastings Research Paper 256. Retrieved February 22, 2019, from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3061567.
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- ¹² Y.L. Nancy, Z. Helms, and P.B. Bach. (March 7, 2017). R&D Costs For Pharmaceutical Companies Do Not Explain Elevated US Drug Prices. Health Affairs Blog. Retrieved April 18, 2019, from <https://www.healthaffairs.org/doi/10.1377/hblog20170307.059036/full/>.
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- ²⁰ Ibid.

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