Don't Cut Pills
Cut Profits!

Drugs Costs Keep Climbing

- The U.S. pays 3 to 4 times more for drugs than other countries do.

- The average annual cost of a brand-name drug has more than tripled in the past decade, jumping from $1,868 in 2006 to $6,798 in 2017.

- Retail prices for widely used specialty prescription drugs increased by 7 percent a year between 2016 and 2017. In contrast, the general inflation rate was 2.1 percent a year over the same period.

Seniors are paying the price

- One million Medicare beneficiaries spent nearly $3,200 on out-of-pocket drug costs in 2016.

- Medicare beneficiaries' average out-of-pocket costs for certain brand name drugs rose by 40 percent between 2011 and 2015.

  - Research shows that increasing beneficiary copayments, coinsurance and/or deductibles (also known as "cost sharing") forces seniors to go without needed medications, cut pills or skip doses. For example, a study on the impact of drug prices on multiple sclerosis patients found that a 10 percent increase in cost sharing resulted in 9 percent of beneficiaries forgoing or rationing prescribed drugs.

What's behind high drug costs?

- Unlike other countries, the U.S. does not regulate drug prices

  - By law, Medicare cannot negotiate with drug manufacturers to lower the cost of drugs that seniors pick up at the pharmacy. A sweetheart deal Pharma got in the 2003 law that created the Medicare Part D prescription drug program.

  - The Medicare program has failed to effectively combat climbing costs for drugs used in doctors' offices.

- Current law gives drug manufacturers an overly generous amount of time to prevent a brand name drug from becoming a less costly generic.

  - Drug companies get exclusive rights to make and sell brand name drugs for decades before a less expensive generic version becomes available to consumers.

  - Brand name drug manufacturers often exploit loopholes in the patent system to prevent their drugs from facing generic competition for even longer periods of time.

- Pharmaceutical manufactures can lower drug prices and still be profitable
  - From 2006 to 2015, the largest 25 drug makers' profits ranged from 15 percent to 20 percent. The average profit for the top 500 companies outside the pharmaceutical industry was 4 percent to 9 percent.
  - Nine out of ten pharmaceutical companies spent more on marketing and advertising than on researching and developing new drugs.
  - From 2006 to 2015, 18 of the largest drug companies spent more on stock buybacks and dividends than they did on research and development.
  - The pharmaceutical industry received federal tax cuts five times from 2005 to 2016.

Taxpayers are paying the price

- Medicare Part D payments for all brand-name prescription drugs increased 77 percent between 2011 and 2015, nearly six times faster than inflation, despite a 17 percent decrease in the number of prescriptions.

What Needs to Be Done

- Allow Medicare to negotiate directly with pharmaceutical manufacturers on drug prices.
- Put inflation caps on how much Medicare pays for drugs used in physician offices.
- Enact reforms that would reduce the amount of time brand manufacturers can exclusively market their drugs to allow less costly generic drug competitors to come to market sooner to drive down drug costs.
- Create better transparency in the pharmaceutical industry so the public can better understand how much drugs cost and how much of that cost is necessary to produce the drug and provide a reasonable profit for the manufacturer.

What can seniors do?

- Sign our petition to Congress urging lawmakers to lower the cost of prescription drugs.
- Tell us your story. Write about your experience with rising prescription drug prices and how drug costs affect your family budget.
- During the 2020 election campaign, ask presidential and congressional candidates what they plan to do about skyrocketing drug prices.

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