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Generic Drug Prices Dropping More Slowly According to AARP Report

Some generic drugs had substantial price decreases; others had equally substantial price increases

WASHINGTON, DC—The new [Rx Price Watch Report](#) released today by [AARP Public Policy Institute](#) (PPI) shows a number of popular generic drugs had substantial price increases, with some prices going up as much as 1,000%. Overall, retail prices for generic prescription drugs widely used by older Americans fell an average of 4% in 2013. Although generic drug prices have been consistently declining over the past several years, the latest annual data available showed the smallest average annual decline since at least 2006, a sign that the era of falling prices for generic drugs could be coming to an end.

The new PPI report looked at the 2013 retail prices for 280 of the generic drugs most widely used by older Americans. The report shows that the majority (73%) of widely used generic drug products included in the study experienced price decreases, some of them substantial.

“Declining generic drug prices have helped many Americans’ pocketbooks, particularly older adults on fixed incomes,” said [Debra Whitman, PhD](#), AARP Executive Vice President for Policy. “Unfortunately, recent trends indicate that we may not be able to rely on these savings forever.”

Nearly two-thirds of older Americans use three or more prescription drugs a year, according to the report. If these people used three generic drugs on a chronic basis in 2013, they would have paid an average annual retail price of therapy of \$849. In contrast, the average annual retail price of therapy for three brand name medications used on a chronic basis was more than 10 times higher (\$8,880) over the same period.

Highlights of the 2013 Rx Price Watch Report

Based on the market basket of 280 generic drugs widely used by older Americans:

- On average, retail prices of widely used generic drugs fell by 4% in 2013
- 73% had retail price **decreases**
- 27% had retail price **increases**
- 11 drugs had retail price increases of greater than 30%
- \$283: Average annual cost for a generic drug used for a chronic condition

According to the AARP PPI Report, more than 75% of all retail prescriptions filled in the US are for generic drugs. Lower cost generic drugs help consumers and third-party payers—such as private health insurers and state and federal programs—manage the high cost of prescription drugs.

“Many brand name drugs have generic equivalents that are every bit as safe and effective but typically cost much less than their brand name counterparts,” said [Leigh Purvis, MPA](#), PPI Director of Health Services Research and co-author of the new report. “As more and more new brand name drugs and biologic drugs enter the market with extremely high prices, it will be more important than ever that people have generic medications to help with their budgets.” [Click here to watch video.](#)

“Rx Price Watch Report: Trends in Retail Prices of Generic Prescription Drugs Widely Used by Older Americans, 2006 to 2013” Methodology

AARP’s Public Policy Institute, in collaboration with the *PRIME* Institute at the University of Minnesota, developed a market basket of 280 generic prescription drug products widely used by older Americans. Using data from the Truven Health MarketScan® Research Databases, the report analyzed retail price changes between 2006 and 2013 for the drug products in the market basket. The medications include products used to treat common and often chronic health conditions, including high cholesterol, depression, diabetes, and hypertension.

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Additional Resources

- [Rx Price Watch Report: Trends in Retail Prices of Brand Name Prescription Drugs Widely Used by Older Americans, 2006 to 2013](#)

- **AARP Drug Compare Tool** – Learn the difference and similarities between any two Rx or over-the-counter medications.
- Medicare beneficiaries can qualify for assistance with prescription drug plan costs at <http://www.socialsecurity.gov/medicare/prescriptionhelp/>
- AARP Bulletin article, “**Feeling the Pain of Costly Prescription Drugs**” (Jan/Feb 2015)

About AARP

AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million, that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse. We advocate for individuals in the marketplace by selecting products and services of high quality and value to carry the AARP name as well as help our members obtain discounts on a wide range of products, travel, and services. A trusted source for lifestyle tips, news and educational information, AARP produces AARP The Magazine, the world's largest circulation magazine; AARP Bulletin; www.aarp.org; AARP TV & Radio; AARP Books; and AARP en Español, a Spanish-language website addressing the interests and needs of Hispanics. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates. The AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. AARP has staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Learn more at www.aarp.org.

CONTACT:

Greg Phillips, 202-434-2560, media@aarp.org, [@AARPmedia](https://twitter.com/AARPmedia)

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