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## Specialty Drug Prices Increase at Fastest Rate in Over a Decade

New AARP reports show retail prices for specialty drugs increased by an average of nearly 10% as generic drug prices show a mixed bag

*En español* / WASHINGTON, DC--Retail prices for specialty prescription drugs widely used by older Americans ballooned by an average of 9.6% between 2014 and 2015, the highest increase since at least 2006, while retail prices for some generic drugs saw more mixed results, with 11% showing price increases according to two new AARP Public Policy Institute (PPI) reports released today. While generic drug prices decreased overall in 2015, 11% of generic drugs saw price increases, some exceeding 100%.

Specialty drugs generally include drugs used to treat complex, chronic health conditions. They often require special care in how they are administered to patients, as well as in how they are handled and stored. Many specialty drugs treat conditions that are common among older people, including rheumatoid arthritis, multiple sclerosis, and cancer.

In 2015, the average annual cost of therapy with one specialty drug was \$52,486, an amount more than three times higher than the average Social Security retirement benefit (\$16,101) and twice the median income (\$25,150) for someone on Medicare. By comparison, the average annual cost of therapy for one generic drug in 2015 was \$523, down from \$714 the year before.

Among the 11% of generic drugs which saw price increases, all of the increases exceeded the rate of general inflation. Between 2010 and 2015, all but 1 of the 399 widely-used generic drugs in this study experienced at least one retail price increase. Some of these price increases were extraordinary, exceeding 100%. Two manufacturers increased the retail price of *doxycycline hyclate*, a commonly-used generic antibiotic, by over 1,000%, the highest price increase noted in the generic drug report.

"American families can't afford to keep paying for prescription drugs that cost more money than their salaries," said AARP Chief Public Policy Officer Debra Whitman. "These price increases are particularly hard on older adults, who take an average of 4 ½ prescription drugs per month and often live on fixed incomes."

### **Specialty Rx Price Watch Report Highlights**

Based on the retail prices of 101 specialty drugs:

- The average annual increase in retail prices was 9.6% (2014–2015), compared with 8.9% the year before. In contrast, the general U.S. inflation rate was 0.1%.
- The average annual cost of specialty drug therapy used on a chronic basis rose by nearly \$35,000 between 2006 and 2015.
- In 2015, the average annual price of therapy for specialty drugs was nine times higher than the average annual price of therapy for brand name drugs and 100 times higher than the average annual price of therapy for generic drugs.
- One drug, HP Acthar<sup>®</sup> Gel, was dropped from the specialty drug analyses because its enormous one-time retail price increase (1,300%+) in 2007 distorted the overall trends.

### **Generic Rx Price Watch Report Highlights**

Based on the retail prices of 399 generic drugs:

- The average annual retail cost of generic drug therapy was about \$2,350 in 2015, more than twice what it was in 2006 when the Medicare Part D program began.
- In 2015, one widely-used generic diabetes drug had a 450%+ retail price increase.
- The average annual generic drug price decreased 19.4% (2014–2015).

"Generics drugs currently account for almost nine out of 10 prescriptions filled at the pharmacy but only a quarter of total drug costs," said Leigh Purvis, Director of Health Services Research, AARP Public Policy Institute, and co-author of the report. "Given Americans' long-standing reliance on these products for savings—as well as recent price trends for brand name and specialty drugs—it is incredibly important that we identify and mitigate the factors behind recent generic drug price increases."

#### **About Rx Price Watch Report Methodology**

AARP's Public Policy Institute, in collaboration with the PRIME Institute at the University of Minnesota, developed market baskets used to examine retail price trends among brand name, generic, and specialty drugs that are widely used by older Americans, including Medicare beneficiaries. The most recent Rx Price Watch reports focus on specialty and generic drug products. The specialty market basket includes 101 specialty prescription drug products. The generic market basket includes 399 generic prescription drug products. Using data from the Truven Health MarketScan® Research Databases, the reports analyzed retail price changes between 2006 and 2015 for the drug products in each market basket. The medications include products used to treat common and often chronic health conditions, including high cholesterol, diabetes, arthritis, and hypertension.

The full reports can be found here: <http://www.aarp.org/rxpricewatch>.

#### **Additional Resources**

- Trends in Retail Prices of Brand Name Prescription Drugs Widely Used by Older Americans, 2006-2015
- Trends in Retail Prices of Specialty Prescription Drugs Widely Used by Older Americans, 2006-2015
- Trends in Retail Prices of Generic Prescription Drugs Widely Used by Older Americans, 2006-2013

#### **About AARP**

*AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit [www.aarp.org](http://www.aarp.org) or follow @AARP and @AARPadvocates on social media.*

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