Spending on Prescription Medicines Remains Stable

Drug spending growth slower than other health care services in 2017.

Major pharmacy benefits managers all report stable drug prices for commercial plans in 2018.

U.S. spending on prescription drugs as a share of total health care dollars is similar to other developed countries.

Prescription Drugs Are Not the Primary Drivers of Health Care Spending

For every $1 spent on health care in the U.S., just 14¢ is spent on prescription drugs.

The drivers of health care spending are payments to hospitals and doctors, which are expected to grow by $1.4 trillion over the next decade — nearly six times greater than the growth in prescription drug spending.
How Hospitals and Insurers Impact Patients’ Prescription Drug Costs

**Hospitals mark up the cost of medicines — significantly**

- **500%**
  Average markup of drugs by hospitals
  **BEFORE**
  price negotiations with payers

- **250%**
  Average markup of drugs by hospitals
  **AFTER**
  price negotiations with payers

**Insurers require patients to pay almost 5x more out of pocket for prescription drugs than for hospital care**

- **14%**
  Out-of-pocket ratio

**Competition in the market and expiring patents produce substantial savings on prescription drugs. In fact, new competition from generic and biosimilar drugs will reduce prescription drug spending by $143.5 billion (between 2017 and 2021).**

**Increasing Competition Leads to Consumer Savings**

**UK 83%**
**Germany 81%**
**Canada 73%**
**OEDC 52%**
**France 30%**
**Japan 34%**

**Generic Share of Total Prescriptions Dispensed in the U.S.**

Source: 2017 Association for Accessible Medicines
Generic Drug Access & Savings in the U.S. report

**Source:** OECD Health Statistics 2017

**Source:** IQVIA, “Outlook for Global Medicines through 2021

**Billions of Dollars Saved**

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$27.4</td>
</tr>
<tr>
<td>2018</td>
<td>$37.3</td>
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<tr>
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<tr>
<td>2020</td>
<td>$26.9</td>
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<tr>
<td>2021</td>
<td>$21.2</td>
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</tbody>
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Source: Centers for Medicare & Medicaid Services, National Health Expenditure Data, December 2018