

# The Impact of Rising Prescription Drug Costs

Global spending on prescription drugs will reach nearly **\$1.5 trillion by 2021**—and the United States alone will spend up to **\$675 billion**. Prescription drug spending growth is projected to increase an average of **5.4% over 2021-23**.

As prescription drug costs continue to increase, it's important to understand the trends behind them and how to better manage your organization's health care expenses.

## Why Are Prescription Drug Prices on the Rise?

Skyrocketing specialty drug costs have significantly contributed to the price of prescription drugs overall. Another contributing factor is increased utilization, as the patient population expands and people age into chronic, complex diseases. Additional factors include:



**Growth in production of specialty drugs** as the pipeline advances and expands to meet complex market needs



**Failure to follow physician orders**, which leads to more costly medical problems down the road



More than **60%** of employers say drug and medical spending is unsustainable for their business.



Pharmacy costs account for **28%** of an employer's total health care spend.

Consider these six strategies to mitigate the financial burden of rising prescription drugs costs:

- 1. Manage usage with drug formularies.**
- 2. Demand price transparency instead of using rebates.**
- 3. Create prescription drug purchasing pools.**
- 4. Support chronic disease management programs.**
- 5. Encourage employee preventive care.**
- 6. Foster employee awareness to make wiser choices.**

Contact us today to learn how you can manage your rising prescription drug costs.

Sources: National Alliance of Healthcare Purchaser Coalitions, Innovu

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