RISING RX PRICES AND OLDER ARIZONANS

Brendon Blake – Director of Advocacy, AARP Arizona
Introduction

• Introduction to Rx Prices in America
• Trends in Rx Prices
• Impact on Our Older Population
• Potential Solutions, AARP’s Efforts, & Pitfalls
• *Disclaimer*
Introduction to Rx Prices in America

• The U.S. Pays the most for Rx drugs around the globe
• Researchers have deemed a term for it: American Premium
• The international community pays less than half (41%) for the same drugs as U.S. consumers
• As a result, companies are able to pay their global R&D budget off of the backs of American consumers and then some
Introduction to Rx Prices in America (Con’t)

• Of the 210 new drugs introduced from 2010-2016, each one had received federal funding from the NIH

• Other Industries in Play:
  – Pharmacy Benefit Managers (PBMs)
  – Insurance Companies
Introduction to Rx Prices in America (Con’t)

• Common Misconception: Older drugs are cheaper
• Cheaper, generic drugs are not always created for a couple of reasons:
  – Pay-for-Delay Agreements
  – Biologics: Changes to the drug’s formula
    • Insulin

https://www.pnas.org/content/115/10/2329
Trends in Rx Pricing

- Constant increases in brand name medications since before the pandemic and vastly outpace inflation
  - Between 2015 and 2019, the Top 50 Medicare Part D drugs saw an increase of $38 Billion above inflation
  - We have already seen drugs outpace inflation in 2022
- Before the pandemic, we saw the cost of generics actually go down
Impact on Older Arizonans

- Older folks across the country take an average of 4.5 medications
- In 2016, the average Medicare recipient paid $5,460 in out of pocket expenses
  - This will continue to go up with the cost of drugs continuing to rise
- The average social security check in Arizona is $1,550/month

Impact on Older Arizonans

• This forces people to make difficult choices when it comes to their other financial matters, especially with inflation this year
• Seniors are the fastest group experiencing homelessness, most of whom are doing so for the first time
• The buses of people that go to Mexico/Canada to buy drugs

Potential Solutions & AARP’s Efforts

• AARP Campaign – Stop Rx Greed
• Federal:
  – Allow Medicare to Negotiate for Lower Rx Prices
  – Cap Out of Pocket Costs
  – End Pay-for-Delay Agreements
  – Inflation Cap
• State:
  – Implement Drug Affordability Boards to Negotiate for State plans
Pitfalls

• Pitfalls
  – Cost Shifting Measures
  – Transparency Concerns
• Solution: Lower the *Actual* cost of the drug
QUESTIONS?