

**August 2020**

**Key Findings:**

*Overall Prescription Medicine Findings, 2019:*

- Brand medicine net prices increased 1.7% on average, below the rate of inflation for the third year in a row.
- Net spending (net manufacturer revenue) on all medicines increased 5.2%.
- Manufacturers received less than half (46%) of total WAC (list price) spending on prescription medicines.

*Patient Spending Findings, 2019:*

- Just 1.1% of all prescriptions have final out-of-pocket costs above \$125.
- Overall, 90% of all patients pay less than \$500 out of pocket per year on their prescription medicines.
- Patients saved a total of \$12 B in out-of-pocket costs due to the use of copay coupons
- Spending in the deductible and through coinsurance, which often exposes patients to the undiscounted price of the medicine, now accounts for half (49%) of total patient out-of-pocket spending on all medicines but just 9.5% of all prescriptions filled
- 60% of new prescriptions with final OOP costs above \$500 are abandoned at the pharmacy, compared to just 5-6% of new prescriptions with cost sharing less than \$10.

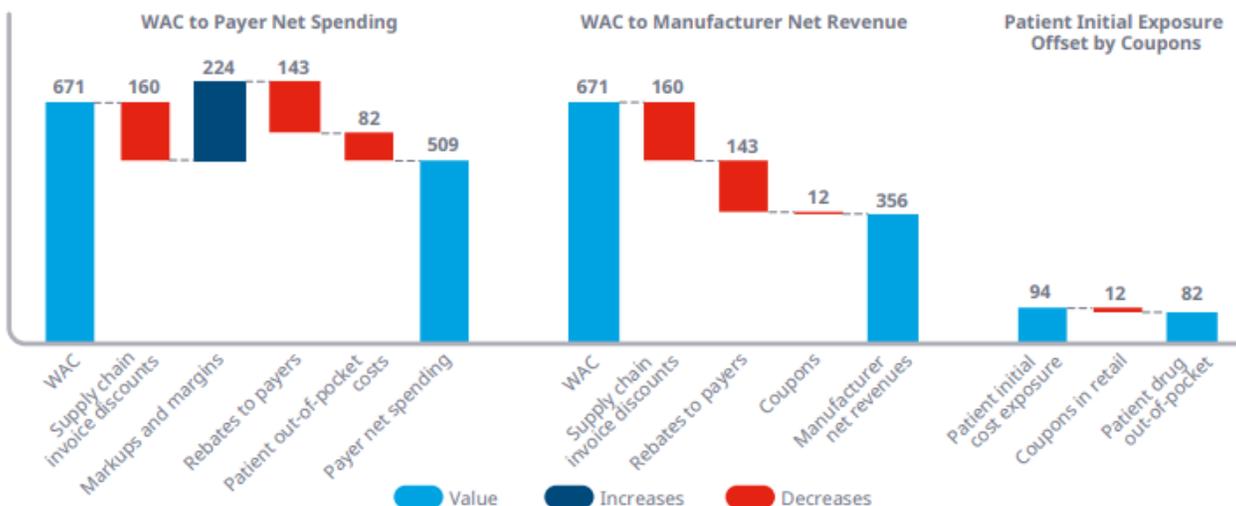
**Full Summary:**

Drug Prices and Spending Trends:

*2019 Total Spending:*

- Net spending (net manufacturer revenue) on all medicines increased 5.2%
- Total WAC (list price) spending on prescription medicines was \$671 B, total net payer spending on medicines was \$509 B, and total manufacturer net sales was \$356 B (less than half, 46%, of total WAC spending)
- Payers received \$143 B in rebates from manufacturers and supply chain and other entities retained \$224 B in mark-ups and margins on prescription drugs

**Exhibit 2: Differences Between Various Spending Levels for U.S. Prescription Medicines in 2019, US\$Bn**



Source: IQVIA Institute, Jun 2020; CMS National Health Expenditures (NHE), Dec 2019

- In 2019 alone, loss of exclusivity lowered medicine spending by \$21.1 B