

# Prescription Drugs: Prices Set at the Top

## Did you know?

- More than **133 million** U.S. residents use prescription drugs, **66%** of all adults.<sup>1</sup>
- Prescription drugs cost **\$73 billion**, representing nearly **16%** of total healthcare expenditures.<sup>2</sup>
- Average cost of prescription drugs taken annually by Americans is **\$1,200**.<sup>3</sup>
- **25%** of adults who are 51 to 64 years old and **12%** of those who are 65+ years old have reported taking less medication than prescribed in the past two years as a result of high drug costs.<sup>4</sup>



### Pharmaceutical Companies

Pharmaceutical companies manufacture drugs and set the list prices.

### Pharmacy Services Administrative Organizations (PSAOs)

Pharmacy Services Administrative Organizations act as wholesalers and sell drugs to pharmacies.

### Pharmacy Benefit Managers (PBMs)

Pharmacy Benefit Managers negotiate discounts on behalf of health plans or employers and pay pharmacies for drugs sold to patients.

### Pharmacies

Pharmacies receive drugs from wholesalers and are paid by PBMs or health plans.

### Health Plans

Market forces and legal requirements ensure health plans keep drug prices as low as possible.

### Patients

Discounted prices paid through copays do not offset the impact of the original drug list price on the healthcare system.

<sup>1,2,4</sup> <https://hpi.georgetown.edu/rxdrugs/>

<sup>3</sup> <https://www.bloomberg.com/quicktake/drug-prices>



Drug Supply



Payments