
Enough to Make You Sick:

Prescription Drug Prices for the Elderly

A REPORT BY
Families USA

*Support for this report was generously provided by
The Retirement Research Foundation*

June 2001

**Enough to Make You Sick:
Drug Prices for the Elderly**

Families USA Publication No. 01-103

© 2001 by Families USA Foundation

Families USA

1334 G Street, NW

Washington, DC 20005

Phone: (202) 628-3030

Fax: (202) 347-2417

E-mail: info@familiesusa.org

Website: www.familiesusa.org

INTRODUCTION

Recent studies have found that three factors are contributing to the rapid increase in prescription drug expenditures: growing numbers of prescriptions per person; the entry of newer, more expensive drugs into the market that replace older, less expensive drugs; and price increases of existing drugs.¹ For the insurers and employers who pay the largest share of overall drug costs, the increased volume and continuous introduction of expensive new drugs may have a greater impact than increases in prices. But, for the millions of older Americans who do not have prescription drug coverage, and for millions of others who have very limited coverage, increases in drug prices have a profound impact. As this report demonstrates, these prices are increasing at rates that far exceed inflation.

For older Americans, the affordability of prescription drugs has long been a pressing concern. Outpatient prescription drug coverage is one of the last major benefits *not* included in Medicare, and the elderly are the last major *insured* consumer group without access to prescription drugs as a standard benefit. Although Medicare beneficiaries can purchase supplemental prescription drug coverage, that coverage is very expensive and very limited in scope, and although some older retirees have employer-sponsored prescription drug coverage, such coverage is on the decline.

As a result, Americans age 65 and older—who are by far the greatest consumers of prescription drugs—pay a much larger share of drug costs out of their own pockets than do those who are under 65. The elderly are also least likely to receive the benefit of price discounts for prescription drugs—discounts that are provided to bulk purchasers of drugs, including health plans covering younger populations. All of this means that price increases of prescription drugs have a greater impact on older Americans than on younger persons.

For the last several years, Families USA has been monitoring the prices of the 50 prescription drugs most commonly used by older Americans. Our findings have consistently shown that the prices of the 50 prescription drugs most frequently used by seniors rose much faster than the rate of inflation for each of the previous years studied.²

This study, the latest in a series, shows that, last year and during the past five years, the prices of the 50 prescription drugs most commonly used by older Americans have increased considerably faster than inflation. While senior citizens generally live on fixed incomes that are adjusted to keep up with the rate of inflation, the cost of the prescription drugs they purchase most frequently rose more than two times the rate of inflation in the last year.

Throughout this report, references to inflation are based on the consumer price index (CPI) less the costs of energy. CPI is based on costs for various consumer products, including housing, food and beverages, apparel, transportation, medical care, recreation, and energy. Because of the volatility of energy costs throughout the past year and from year to year, all price increases in this report are measured relative to CPI less energy costs. Using CPI less energy provides a more stable illustration of inflation during this period and protects the comparison between drug prices and general inflation against distortions due to variations in energy costs.

FINDINGS

The prices of the 50 prescription drugs most frequently used by the elderly rose by more than two times the rate of inflation during calendar year 2000.³ On average, the prices of these top 50 drugs increased by 6.1 percent from January 2000 to January 2001, though the rate of inflation excluding energy in that period was 2.7 percent. (See Table 1.)

Drugs with Fastest-Growing Prices

From January 2000 to January 2001, of the 50 drugs most commonly used by the elderly:

One-sixth of these drugs (8 out of 50) rose less than the rate of inflation.

Three-quarters of these drugs (38 out of 50) rose 1.5 or more times the rate of inflation.

More than one-third of these drugs (18 out of 50) rose three or more times the rate of inflation.

Among the 50 drugs most frequently used by seniors, the following drugs rose most significantly in price over the one-year period from January 2000 to January 2001:

Synthroid (0.01 mg), marketed by Knoll and used as a synthetic thyroid agent, which rose by 22.6 percent (eight and one-half times the rate of inflation);

Alphagan, marketed by Allergan and used to treat glaucoma, which rose 22.5 percent (more than eight times the rate of inflation);

Glucophage, marketed by Bristol-Myers Squibb and used to treat diabetes, which rose 15.5 percent (nearly six times the rate of inflation);

Premarin, marketed by Wyeth-Ayerst and used for estrogen replacement, which rose 12.8 percent (nearly five times the rate of inflation); and

Demadex, a diuretic marketed by Roche, which rose 12.4 percent (more than four and one-half times the rate of inflation).

Nine more drugs experienced a price increase of three or more times the rate of inflation. These drugs were: Zocor, to lower cholesterol; Pepcid, a gastrointestinal agent; Cozaar, an angiotensin II inhibitor; Claritin, an anti-histamine; Paxil, an antidepressant; Fosamax, for osteoporosis; Lipitor, to lower cholesterol; K-Dur 20, a potassium replacement; and Detrol, for treatment of overactive bladder.

Over the five-year period from January 1996 to January 2001, the prices of the prescription drugs most frequently used by older Americans rose, on average, 22.2 percent. This increase was nearly twice the rate of inflation, which was 12.4 percent over that period. (See Table 2.)

Of the 50 drugs most frequently used by seniors, 36 have been on the market for the five-year period from January 1996 to January 2001.

The prices of 31 of those 36 drugs increased faster than the rate of inflation over the five-year period.

Nearly two-thirds of these drugs (23 out of 36) rose 1.5 or more times the rate of inflation.

Over one-fourth of these drugs (10 out of 36) rose three or more times the rate of inflation.

Of the 36 drugs that were used most frequently by seniors and that were on the market from January 1996 to January 2001, the drugs that rose most significantly in price were:

furosemide (40 mg), a loop diuretic marketed by Mylan, which rose by 158.7 percent (almost 13 times the rate of inflation);

Lanoxin (0.125 mg), marketed by Glaxo Wellcome and used to treat congestive heart failure, which rose by 80.5 percent (six and one-half times the rate of inflation);

Synthroid (0.05mg), which increased 67.1 percent (more than five times the rate of inflation);

Glucophage, which increased 61.2 percent (nearly five times the rate of inflation); and

Premarin, which increased 53.1 percent (more than four times the rate of inflation).

High-Cost Drugs

Of the 50 drugs used most frequently by seniors, the average annual cost per prescription as of January 2001 was \$956 (see Table 3). Among these 50 drugs, those with the highest annual cost include:

Celebrex, marketed by Searle and used as an anti-inflammatory treatment, has an average annual cost of \$1,837;

Zocor (20 mg), marketed by Merck and used as a lipid-lowering agent, has an average annual cost of \$1,520;

Prilosec, a gastrointestinal agent marketed by Astra Zeneca, has an average annual cost of \$1,511;

Prevacid, a gastrointestinal agent marketed by TAP Pharmaceuticals, has an average annual cost of \$1,459;

Plavix, an anti-platelet agent marketed by Bristol-Myers Squibb, has an average annual cost of \$1,232; and

Lipitor (20 mg), marketed by Parke-Davis and used as a lipid-lowering agent, has an average annual cost of \$1,148.

Generic Drugs

Of the 50 drugs used most frequently by seniors, 10 are generic drugs, while the remaining 40 are brand name drugs. Price increases among generic drugs most frequently used by seniors are growing slower than the rate of inflation. (See Table 1.)

Of these 10 generic drugs, 7 did not increase in price in the period from January 2000 to January 2001.

Three of the 10 drugs rose nearly two times the rate of inflation during this period.

Of the 10 generic drugs, 8 were on the market for the five-year period from January 1996 to January 2001. (See Table 2.)

Half of these (four of eight) did not rise in price or rose at a rate slower than inflation;

Two of the eight rose slightly faster than the rate of inflation; and

Two drugs, both different dosage levels of furosemide, rose from 11 to 13 times the rate of inflation.

Among these 10 generic drugs, the annual cost of treatment as of January 2001 (see Table 3) is as follows:

furosemide (40 mg), a diuretic marketed by Mylan, has an average annual cost of \$59;

atenolol, a beta blocker marketed by Geneva, has an average annual cost of \$256;

albuterol, a respiratory agent marketed by Warrick, has an average annual cost of \$313;

isosorbide mononitrate (60 mg), marketed by Warrick and used in the treatment of angina, has an average annual cost of \$429; and

APAP/propoxyphene, marketed by Mylan and used as a pain reliever, has an average annual cost of \$444.

Frequent Price Changes

Of the 36 top drugs that were on the market for the five-year period from January 1996 to January 2001, 27 increased in price on at least five occasions during those five years. During those years, the following drugs (see Table 2) increased in price at least eight times:

Premarin, which increased nine times;

Claritin, which increased nine times;

Synthroid (all dosages reported), which increased nine times;

Demadex, which increased eight times; and

K-Dur 20, which increased eight times.

Long-Standing Drugs

Of the 50 drugs most frequently used by seniors, 16 have been on the market for the full 10-year period from January 1991 to January 2001. The vast majority of these 16 drugs increased considerably faster than the rate of inflation, which is surprising since these drugs have been on the market an average of 25 years. (See Table 4.)

Three-quarters (12 out of 16) rose at least two times the rate of inflation;

More than half (9 out of 16) rose at least three times the rate of inflation; and

Nearly half (7 out of 16) rose at least four times the rate of inflation.

Of the 16 drugs on the market for the 10-year period between January 1991 and January 2001, those with the most significant increases in price were:

furosemide (40 mg), which increased 365.7 percent (more than 12 times the rate of inflation);

Synthroid (0.05 mg), which increased 136 percent (four and one-half times the rate of inflation);

Lanoxin (both dosages), which increased 126.8 percent (more than four times the rate of inflation);

Premarin, which increased 108.7 percent (nearly four times the rate of inflation); and

K-Dur 20, which increased 99.3 percent (more than three times the rate of inflation).

NOTES TO TABLES

Drug names that are capitalized are brand names. The drugs that are not capitalized are generic, with the exception of APAP/propoxphene, which is a generic.

The following are abbreviations used in the tables and the explanations of each:

mg	milligram, which is 1/1,000th of a gram
mg/ac	milligrams per actuation (spray)
mcg	microgram, which is 1/1-millionth of a gram
meq	milliequivalent, an alternate form of measurement
IU	International Unit, a measurement of biological activity
IU/ac	International Units per actuation (spray)
sol	solution
inj	injection
tab	tablet
tab cr	controlled release tablet
tab er	extended release tablet
cap	capsule
cap cr	controlled release capsule
ophth sol	ophthalmologic solution

ENOUGH TO MAKE YOU SICK

Table 1

Annual Percent Changes in Price of the Top 50 Drugs (by Number of Claims) Used by the Elderly^a

Rank by # of Claims	Brand Name Drug	Strength	Dose Form	Marketer	00-01 % Price Change	00-01 Multiple of CPI
1	Prilosec	20 mg	cap cr	Astra Zeneca	3.9%	1.4
2	Norvasc	5 mg	tab	Pfizer	3.2%	1.2
3	K-Dur 20	20 meq	tab cr	Schering	8.2%	3.1
4	Lanoxin b	0.125 mg	tab	Glaxo Wellcome	3.9%	1.5
5	Lipitor	10 mg	tab	Parke-Davis	8.3%	3.1
6	Celebrex	200 mg	cap	Searle	4.0%	1.5
7	furosemide b	40 mg	tab	Mylan	5.2%	1.9
8	Fosamax	10 mg	tab	Merck	8.6%	3.2
9	Glucophage	500 mg	tab	Bristol-Myers Squibb	15.5%	5.8
10	Plavix	75 mg	tab	Bristol-Myers Squibb	5.0%	1.9
11	Prevacid	30 mg	cap cr	TAP Pharm	7.0%	2.6
12	Zocor	20 mg	tab	Merck	9.4%	3.5
13	Xalatan	0.005 %	sol	Pharmacia & Upjohn	6.0%	2.2
14	Pepcid	20 mg	tab	Merck	9.2%	3.4
15	Lanoxin b	0.25 mg	tab	Glaxo Wellcome	3.9%	1.5
16	Norvasc	10 mg	tab	Pfizer	0.0%	0.0
17	Synthroid	0.1 mg	tab	Knoll	22.6%	8.5
18	Vioxx	25 mg	tab	Merck	3.9%	1.5
19	Synthroid b	0.05 mg	tab	Knoll	22.7%	8.5
20	isosorbide mononitrate b	60 mg	tab er	Warrick	0.0%	0.0
21	Premarin	0.625 mg	tab	Wyeth-Ayerst	12.8%	4.8
22	Lipitor	20 mg	tab	Parke-Davis	8.3%	3.1
23	Toprol XL	50 mg	tab	Astra Zeneca	4.0%	1.5
24	isosorbideb mononitrate	30 mg	tab er	Warrick	0.0%	0.0
25	Cozaar	50 mg	tab	Merck	9.0%	3.4
26	Miacalcin	200 IU/ac	spray	Novartis	3.9%	1.5
27	Zolof	50 mg	tab	Pfizer	3.2%	1.2
28	metoprolol b	50 mg	tab	Teva	0.0%	0.0
29	Synthroid b	0.075 mg	tab	Knoll	22.5%	8.4
30	Zocor	10 mg	tab	Merck	9.4%	3.5
31	atenolol b	25 mg	tab	Geneva	0.0%	0.0
32	Detrol	2 mg	tab	Pharmacia & Upjohn	8.1%	3.1
33	Zestril b	10 mg	tab	Astra Zeneca	4.0%	1.5
34	Humulin N b	100 IU	inj	Lilly	5.1%	1.9
35	Celebrex	100 mg	cap	Searle	4.0%	1.5
36	furosemide b	20 mg	tab	Mylan	5.1%	1.9
37	Claritin	10 mg	tab	Schering	8.8%	3.3
38	Pravachol	20 mg	tab	Bristol-Myers Squibb	5.0%	1.9
39	Alphagan	0.2 %	ophth sol	Allergan	22.5%	8.4
40	Glucotrol XL	10 mg	tab	Pfizer	3.2%	1.2
41	Combivent	1 mg	aer	Boehringer Ingelheim	4.9%	1.8
42	Paxil	20 mg	tab	SKB	8.7%	3.3
43	Evista	60 mg	tab	Lilly	4.7%	1.8
44	Vasotec b	5 mg	tab	Merck	4.0%	1.5
45	atenolol b	50 mg	tab	Geneva	0.0%	0.0
46	metoprolol b	50 mg	tab	Mylan	4.9%	1.8
47	APAP/propoxyphene b	650 mg	tab	Mylan	0.0%	0.0
48	albuterol b	90 mcg	aerosol	Warrick	0.0%	0.0
49	Demadex	20 mg	tab	Roche	12.4%	4.6
50	Zestril b	20 mg	tab	Astra Zeneca	4.0%	1.5
Top 50 Drugs, Average Weighted by Sales^c					6.1%	2.3
CPI All Items less Energy, Annual Percent Change					2.7%	

^a Based on price as of January 15 for each year reported. Drugs are listed in descending order of claims.

^b Generic or co-marketed versions of this drug product are available.

^c The weighted average was calculated based on 2000 expenditures for each drug in the Pennsylvania PACE program.

SOURCE: Compiled by PRIME Institute, University of Minnesota for Families USA. Based on data from the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) and data found in Price-Chek PC, published by MediSpan (First Databank, Indianapolis), April 2001.

ENOUGH TO MAKE YOU SICK

Table 3

Wholesale Costs Per Year of Therapy for Top 50 Drugs (by Number of Claims) Used by the Elderly^a

Rank by # of Claims	Brand Name Drug	Strength	Dose Form	NDA Approval Date	2001 Cost/Year
1	Prilosec	20 mg	cap cr	Sep-89	\$ 1,511
2	Norvasc	5 mg	tab	Jul-92	\$ 514
3	K-Dur 20	20 meq	tab cr	Jun-86	\$ 395
4	Lanoxinb	0.125 mg	tab	Aug-67	\$ 78
5	Lipitor	10 mg	tab	Dec-96	\$ 742
6	Celebrex	200 mg	cap	Dec-98	\$ 1,837
7	furosemide b	40 mg	tab	Aug-81	\$ 59
8	Fosamax	10 mg	tab	Sep-95	\$ 805
9	Glucophage	500 mg	tab	Mar-95	\$ 817
10	Plavix	75 mg	tab	Nov-97	\$ 1,232
11	Prevacid	30 mg	cap cr	May-95	\$ 1,459
12	Zocor	20 mg	tab	Dec-91	\$ 1,520
13	Xalatan	0.01 %	sol	Jun-96	\$ 167
14	Pepcid	20 mg	tab	Oct-86	\$ 706
15	Lanoxin b	0.25 mg	tab	Aug-67	\$ 78
16	Norvasc	10 mg	tab	Jul-92	\$ 794
17	Synthroid b	0.1 mg	tab	Dec-63	\$ 138
18	Vioxx	25 mg	tab	May-99	\$ 958
19	Synthroid b	0.05 mg	tab	Dec-63	\$ 122
20	isosorbide mononitrate b	60 mg	tab er	Sep-98	\$ 429
21	Premarin	0.625 mg	tab	May-64	\$ 235
22	Lipitor	20 mg	tab	Dec-96	\$ 1,148
23	Toprol XL	50 mg	tab	Jan-92	\$ 221
24	isosorbide mononitrate b	30 mg	tab er	Sep-98	\$ 407
25	Cozaar	50 mg	tab	Apr-95	\$ 497
26	Miacalcin	200 IU/ac	spray	Aug-95	\$ 523
27	Zolof	50 mg	tab	Dec-91	\$ 882
28	metoprolol b	50 mg	tab	Jan-95	\$ 337
29	Synthroid b	0.08 mg	tab	Dec-63	\$ 135
30	Zocor	10 mg	tab	Dec-91	\$ 871
31	atenolol b	25 mg	tab	Sep-91	\$ 256
32	Detrol	2 mg	tab	Mar-98	\$ 1,021
33	Zestril b	10 mg	tab	Dec-87	\$ 352
34	Humulin N b	100 IU	inj	Oct-82	\$ 308
35	Celebrex	100 mg	cap	Dec-98	\$ 1,086
36	furosemide b	20 mg	tab	Aug-81	\$ 52
37	Claritin	10 mg	tab	Apr-93	\$ 890
38	Pravachol	20 mg	tab	Oct-91	\$ 931
39	Alphagan	0.2 %	ophth sol	Sep-96	\$ 364
40	Glucotrol XL	10 mg	tab	Apr-94	\$ 265
41	Combivent	1 mg	aer	Oct-96	\$ 612
42	Paxil	20 mg	tab	Dec-92	\$ 924
43	Evista	60 mg	tab	Dec-97	\$ 807
44	Vasotec b	5 mg	tab	Dec-85	\$ 414
45	atenolol b	50 mg	tab	Sep-91	\$ 270
46	metoprolol b	50 mg	tab	Dec-93	\$ 405
47	APAP/propoxyphene b	650 mg	tab	Apr-80	\$ 444
48	albuterol b	90 mcg	aerosol	Dec-95	\$ 313
49	Demadex	20 mg	tab	Aug-93	\$ 261
50	Zestril b	20 mg	tab	Dec-87	\$ 377
Top 50 Drugs, Average Weighted by Sales^c					\$ 956

^a Based on price as of January 15, 2001. Drugs are listed in descending order of claims.

^b Generic or co-marketed versions of this drug product are available.

^c The weighted average was calculated based on 2000 expenditures for each drug in the Pennsylvania PACE program.

SOURCE: Compiled by PRIME Institute, University of Minnesota for Families USA. Based on data from the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) and data found in Price-Chek PC, published by MediSpan (First Databank, Indianapolis), April 2001.

DRUG PRICES FOR THE ELDERLY

Table 4

Cumulative Price Changes of the Top 50 Drugs (by Number of Prescriptions) Used by the Elderly^a

Rank by # of Claims	Brand Name Drug	Strength	Dose Form	NDA Approval Date	Therapeutic Category	Cumulative Change 1991-2001	Multiple of CPI 1991-2001
1	Prilosec	20 mg	cap cr	Sep-89	Gastrointestinal Agents	28.7%	1.0
2	Norvasc	5 mg	tab	Jul-92	Calcium Channel Blocker	nm	nm
3	K-Dur 20	20 meq	tab cr	Jun-86	Potassium Replacement	99.3%	3.3
4	Lanoxin b	0.125 mg	tab	Aug-67	Cardiac Glycoside	126.8%	4.2
5	Lipitor	10 mg	tab	Dec-96	Lipid-Lowering Agent	nm	nm
6	Celebrex	200 mg	cap	Dec-98	Anti-inflammatory/Analgesic	nm	nm
7	furosemide b	40 mg	tab	Aug-81	Loop Diuretic	365.7%	12.2
8	Fosamax	10 mg	tab	Sep-95	Osteoporosis Treatment	nm	nm
9	Glucophage	500 mg	tab	Mar-95	Oral Antidiabetic Agent	nm	nm
10	Plavix	75 mg	tab	Nov-97	Anti-platelet Agent	nm	nm
11	Prevacid	30 mg	cap cr	May-95	Gastrointestinal Agents	nm	nm
12	Zocor	20 mg	tab	Dec-91	Lipid-Lowering Agent	nm	nm
13	Xalatan	0.005 %	sol	Jun-96	Glaucoma Treatment	nm	nm
14	Pepcid	20 mg	tab	Oct-86	Gastrointestinal Agents	58.8%	2.0
15	Lanoxin b	0.25 mg	tab	Aug-67	Cardiac Glycoside	126.8%	4.2
16	Norvasc	10 mg	tab	Jul-92	Calcium Channel Blocker	nm	nm
17	Synthroid b	0.1 mg	tab	Dec-63	Synthetic Thyroid Agent	133.3%	4.4
18	Vioxx	25 mg	tab	May-99	Anti-inflammatory/Analgesic	nm	nm
19	Synthroid b	0.05 mg	tab	Dec-63	Synthetic Thyroid Agent	136.0%	4.5
20	isosorbide mononitrate b	60 mg	tab er	Sep-98	Anti-Anginal Agent	nm	nm
21	Premarin	0.625 mg	tab	May-64	Estrogen Replacement	108.7%	3.6
22	Lipitor	20 mg	tab	Dec-96	Lipid-Lowering Agent	nm	nm
23	Toprol XL	50 mg	tab	Jan-92	Beta Blocker	nm	nm
24	isosorbide mononitrate b	30 mg	tab er	Sep-98	Anti-Anginal Agent	nm	nm
25	Cozaar	50 mg	tab	Apr-95	Angiotensin II Inhibitor	nm	nm
26	Miacalcin	200 IU/ac	spray	Aug-95	Calcitonin Replacement	nm	nm
27	Zoloft	50 mg	tab	Dec-91	Antidepressant	nm	nm
28	metoprolol b	50 mg	tab	Jan-95	Beta Blocker	nm	nm
29	Synthroid b	0.075 mg	tab	Dec-63	Synthetic Thyroid Agent	134.7%	4.5
30	Zocor	10 mg	tab	Dec-91	Lipid-Lowering Agent	nm	nm
31	atenolol b	25 mg	tab	Sep-91	Beta Blocker	nm	nm
32	Detrol	2 mg	tab	Mar-98	Overactive Bladder Treatment	nm	nm
33	Zestril b	10 mg	tab	Dec-87	ACE Inhibitor	33.6%	1.1
34	Humulin N b	100 IU	inj	Oct-82	Insulin Anti-Diabetic Agent	61.1%	2.0
35	Celebrex	100 mg	cap	Dec-98	Anti-inflammatory/Analgesic	nm	nm
36	furosemide b	20 mg	tab	Aug-81	Loop Diuretic	338.7%	11.3
37	Claritin	10 mg	tab	Apr-93	Non-sedating Antihistamine	nm	nm
38	Pravachol	20 mg	tab	Oct-91	Lipid-Lowering Agent	nm	nm
39	Alphagan	0.2 %	ophth sol	Sep-96	Treatment of Glaucoma	nm	nm
40	Glucotrol XL	10 mg	tab	Apr-94	Oral Antidiabetic Agent	nm	nm
41	Combivent	1 mg	aer	Oct-96	Respiratory Agent	nm	nm
42	Paxil	20 mg	tab	Dec-92	Antidepressant	nm	nm
43	Evista	60 mg	tab	Dec-97	Osteoporosis Treatment	nm	nm
44	Vasotec b	5 mg	tab	Dec-85	ACE Inhibitor	51.7%	1.7
45	atenolol b	50 mg	tab	Sep-91	Beta Blocker	nm	nm
46	metoprolol b	50 mg	tab	Dec-93	Beta Blocker	nm	nm
47	APAP/propoxyphene b	650 mg	tab	Apr-80	Opiate Agonist	80.1%	2.7
48	albuterol b	90 mcg	aerosol	Dec-95	Respiratory Agent	nm	nm
49	Demadex	20 mg	tab	Aug-93	Loop Diuretic	nm	nm
50	Zestril b	20 mg	tab	Dec-87	ACE Inhibitor	33.1%	1.1
CPI - All Items less energy, Annual Percent Change						30.6%	

nm Not marketed during part or all of the period indicated.

^a Based on price as of January 15 for each year reported. Drugs are listed in descending order of claims.

^b Generic or co-marketed versions of this drug product are available.

SOURCE: Compiled by PRIME Institute, University of Minnesota for Families USA. Based on data from the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) and data found in Price-Chek PC, published by MediSpan (First Databank, Indianapolis), April 2001.

METHODOLOGY

This report used data from the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) program. PACE is the largest outpatient prescription drug program for older Americans in the United States. In 2000, 248,820 persons were enrolled in the PACE program, and the program filled 8,979,931 prescriptions. Because of its large size and abundance of claims data, the PACE database is commonly used to estimate the elderly's prescription drug use and expenditures.

Using PACE claims for 2000 (the latest claims data available), we developed a list of the 50 top-selling prescription drugs used by older Americans and ranked them by number of prescriptions issued. Price histories for the 50 top-selling drugs in the PACE program were obtained from Price-Chek PC, a database published by Medispan/First DataBank. The price indicator used in this report is the average wholesale price (AWP), the price that drug marketers suggest that drug wholesalers charge pharmacies.

It is sometimes suggested that AWP is not an accurate measure of drug prices paid by consumers because so many of those consumers enjoy discounts that have been negotiated by managed care organizations or other bulk purchasers of pharmaceuticals. Most older Americans, however, cannot negotiate such discounts with marketers.

Another commonly used measure of drug prices is the wholesale acquisition cost (WAC), the price that wholesalers pay marketers. Although data given in this report were calculated using the AWP, calculations using the WAC showed similar trends.

This report uses weighted averages in calculating annual price increases for the entire list of top-selling prescription drugs. That is, before averaging, the price of each drug is multiplied by a factor that represents the drug's percentage of total sales of all drugs on the list for a given year. This adjustment is made to ensure that the price trends reported accurately reflect the cost of drugs older people use most often.

DISCUSSION

As the population that needs drugs most but is least likely to have drug coverage, seniors are most directly affected by rising drug prices. The steady escalation in these costs puts seniors at risk of being unable to obtain the prescription drugs they need to maintain their health. Although seniors represent just 13 percent of the total population, they account for 34 percent of all prescriptions dispensed and 42 percent of all prescription drug spending.⁴

The prices for prescription drugs used by older Americans continue to rise faster than the rate of inflation. In the past year, prices for the 50 drugs most commonly used by seniors rose by more than twice the rate of inflation. This is not a new trend. As our data show, throughout the 1990s the prices for prescription drugs most frequently used by seniors have risen faster than inflation. Results from previous Families USA studies also found that drug prices for the top 50 drugs used by older Americans consistently rose faster than inflation.⁵

For seniors—many of whom live on fixed incomes—prescription drugs have become increasingly unaffordable as prices continue to rise. One-third of seniors have no insurance coverage for prescription drugs throughout the year, and nearly half (47 percent) lack coverage for at least part of the year.⁶ Whether lacking prescription drug coverage for the full year or some part of a year, paying the full cost for prescription drugs can be a tremendous financial burden.

Seniors without coverage are less likely to get the drugs they need. In fact, the gap in access to prescription drugs for seniors who have coverage compared to those who do not have coverage is growing. Seniors with prescription drug coverage are getting more prescriptions, while those without coverage are getting fewer prescription drugs.⁷

Drugs with Fastest-Growing Prices

While prices for the 50 drugs most frequently used by seniors continue to rise faster than inflation, prices for several drugs are rising at rates that far exceed the average. Seniors may be hit especially hard if they rely on these drugs.

Drugs used to treat chronic conditions—congestive heart failure, thyroid disease, and diabetes, all of which are common among the elderly—have experienced tremendous price increases. For nearly all of the drugs with the fastest-growing prices, the rapid increase in price is not a one-time phenomenon. Over the five-year period, prices for these drugs have consistently increased far faster than inflation. For example, in the last five years, Lanoxin (both dosages) and Synthroid (all dosages) have each increased more than five times the rate of inflation. Glucophage has also experienced price increases that exceeded inflation by a multiple of four or more. The seniors who rely on these drugs have been regularly and repeatedly hit with price increases for the medicines that keep them healthy.

High-Cost Drugs

Prescription drugs offer the potential to improve the health and well-being of our nation's seniors, but these benefits come at a price that many older Americans cannot afford to pay. The average annual cost of the 50 prescription drugs most commonly used by seniors is \$956.

The highest-cost drugs are also among the most commonly prescribed drugs for seniors: The six most expensive drugs all fall within the top 25 most frequently prescribed drugs for seniors. As of January 2001, the six highest-cost drugs (Celebrex, Zocor, Prilosec, Prevacid, Plavix, and Lipitor) account for nearly 20 percent of all prescriptions for the 50 drugs most frequently used by seniors.⁸ Four of the five higher-cost drugs are aggressively marketed to consumers. In fact, according to a 1999 study, Celebrex, Zocor, Prilosec, and Lipitor are among the top 25 most heavily advertised drugs. In 1999, for example, Astra Zenaca, the marketer of Prilosec, spent \$79.4 million dollars promoting this one drug.⁹

The highest-priced drugs tend to be newer drugs: Five of the six have been on the market for 10 years or less. As of January 2001, all six of these drugs were still patent-protected. Patent protections provide marketers of brand name drugs several years of market exclusivity to ensure that they recoup their investment in research and development, but these protections for marketers come at a high price to the consumer. In 2000, Pfizer, as the parent company of Parke-Davis (Lipitor's marketer), earned \$5 billion in revenue from Lipitor alone—more than

Pfizer's total spending on research and development.¹⁰ During this same period, from January 2000 to January 2001, the price of Lipitor increased more than three times the rate of inflation.

Generic Drugs

Of the 50 most frequently prescribed drugs for seniors, the majority (40) are brand name drugs. Only 10 out of 50 are generic drugs. Generic drugs share the same active ingredient as the brand name drug, but because the brand name drug is no longer patent-protected, it can be produced by multiple companies, creating competition within that category of drug. As a result, generic drugs are substantially less expensive than their brand name counterparts. In fact, generic drugs are about half the price of brand name drugs in the first year after entering the market.¹¹ Among the generic drugs on this list, the annual costs range from \$52 for the diuretic furesomide (20 mg) to \$444 for the pain reliever APAP/propoxyphene (650 mg).

Of the 50 most commonly prescribed drugs for seniors, prices for generics are among the ones growing most slowly. Furesomide and metoprolol (marketed by Mylan) were the only generic drugs that had any increase in price from January 2000 to January 2001. Both dosages of furesomide increased roughly 5 percent, or nearly two times the rate of inflation. Metoprolol increased 4.9 percent, or nearly two times the rate of inflation. Even with these rapid increases in price, the annual cost of furesomide (40 mg) is only \$59 and metoprolol is only \$405, considerably less than the average cost of the 50 drugs. All other generics on the list had no price increase during this one-year period.

Frequent Price Increases

For seniors who lack coverage for prescription drugs and who generally only receive a cost-of-living increase at the beginning of each year, frequent price increases make affording their prescription drugs difficult. Three-quarters (27 out of 36) of the drugs on the market during the last five years had, on average, at least one increase in price per year. Prices for Premarin, Claritin, and Synthroid increased nine times, or an average of nearly two times per year. Demadex and K-Dur 20 increased in price eight times during this five-year period.

CONCLUSION

The cost of prescription drugs already places a heavy burden on older Americans. The overwhelming majority of the most frequently used drugs are increasing in price faster than inflation. For seniors paying for their drugs out-of-pocket, the steady escalation in these costs puts them at risk of being unable to obtain the prescription drugs they need to maintain their health.

ENDNOTES

¹ Stanley S. Wallach, et al., *Sources of Growth in Pharmaceutical Expenditures*, Brandeis University Schneider Institute for Health Policy, May 2000. Available at (www.RxHealthValue.org).

² Families USA, *Still Rising: Drug Price Increases for Seniors, 1999-2000* (Washington: Families USA, April 2000); and Families USA, *Hard to Swallow: Rising Drug Prices for America's Seniors* (Washington: Families USA, November 1999).

³ The data on average drug price increases used in this report weight drug price increases by sales. The average drug price increases reported take into account the market share of each of the 50 top-selling drugs. This methodology is often used by industry sources.

⁴ Families USA, *Cost Overdose: Growth in Drug Spending for the Elderly, 1992-2010* (Washington: Families USA, July 2000).

⁵ Families USA, *Still Rising* and *Hard to Swallow*, op. cit.

⁶ David Gross and Normandy Brangan, *Medicare Beneficiaries and Prescription Drug Coverage: Gaps and Barriers* (Washington: AARP Public Policy Institute, June 1999); and Bruce Stuart, et al., *Prescription Drugs for Medicare Beneficiaries: Coverage and Health Status Matter* (New York: The Commonwealth Fund, February 2000).

⁷ John A. Poisal and Lauren Murray, "Growing Differences Between Medicare Beneficiaries With and Without Drug Coverage," *Health Affairs* 20, 3 March/April 2001: 74-85.

⁸ Calculations are based on PACE data and are available upon request from Families USA.

⁹ National Institute for Health Care Management, *Prescription Drugs and Mass Media Advertising*, Research Brief (Washington: NIHCM Foundation, September 2000).

¹⁰ Pfizer, Inc., *2000 Annual Report* (New York: Pfizer Inc., 2001).

¹¹ Congressional Budget Office, *How Increased Competition from Generic Drugs Has Affected Prices and Returns in the Pharmaceutical Industry* (Washington: Congressional Budget Office, July 1998).

CREDITS

This report was written by:

Amanda McCloskey

Director of Health Policy Analysis, Families USA

**The following Families USA staff contributed to the
preparation of this report:**

Ron Pollack, Executive Director

Peggy Denker, Director of Publications

Nancy Magill, Production Assistant

Lena O'Rourke, Research Assistant

Special Thanks to:

*Stephen W. Schondelmeyer, Pharm.D., Ph.D.,
PRIME Institute, the University of Minnesota,
for developing the data used in this report*

Cover Design by:

Gallagher Wood Design

Cover Photo by:

Barbara Hadley

Families USA

Families USA is a national, nonprofit organization dedicated to the achievement of high-quality, affordable health and long-term care for all Americans. You can help promote Families USA's goals by becoming a member of Families USA today.

Yes, I want to add my voice in support of affordable, high-quality health care for all.

_____ \$25 _____ \$50 _____ \$100 _____ \$250 _____ Other

Please send me information about the following Families USA's grassroots advocacy networks.

___ *asap!* ___ Medicaid Advocacy Network ___ Medicare Action Campaign ___ Children's Health Campaign

Enclosed is \$70 for a one-year subscription to Families USA Publication Service (includes a 20% discount on all previously published materials).*

Please send me the publications listed below (20% discount for subscribers).*

Pub Code	Title	Quantity	Price

Name: _____

Organization: _____

Street Address: _____

City, State, Zip Code: _____

Telephone (Day): _____ (Evening) _____ (Fax) _____

* DC residents/organizations, add 5.75% sales tax or provide exempt certificate.

Total Amount Enclosed : _____

Contributions to Families USA are tax-deductible. Please make your check payable to Families USA.

*Families USA receives no financing from the health or insurance industries.
We rely on funding from individuals and private foundations.*

PUBLICATIONS AVAILABLE FROM FAMILIES USA

Publication Code	Title	Price
PS-000	<i>Families USA Publications Service.</i> Receive all reports, issue briefs, and other publications.	\$70.00
01-102	<i>Getting Less Care: The Uninsured with Chronic Health Conditions</i> (2/01)	\$15.00
01-101	<i>Expanding Coverage for Low-Income Parents: An Action Kit for State Advocates</i> (1/01)	\$15.00
01-100	<i>Health Action 2001 Toolkit</i> (1/01)	\$35.00
00a-100	<i>A Guide to Monitoring Medicaid Managed Care</i> (9/00)	\$20.00
00-107	<i>Cost Overdose: Growth in Drug Spending for the Elderly, 1992-2000</i> (7/00)	\$15.00
00-106	<i>Go Directly to Work, Do Not Collect Health Insurance: Parent Losing Medicaid</i> (6/00)	\$15.00
00-105	<i>Uninsured in Michigan: Working Parents Lose Health Insurance</i> (5/00)	\$ 5.00
00-104	<i>Promising Ideas in Children's Health Insurance: Presumptive Eligibility for Children</i> (5/00)	SASE 77¢ postage
00-103	<i>Still Rising: Drug Price Increases for Seniors 1999-2000</i> (4/00)	\$ 5.00
00-102	<i>Clouds Over the Sunshine State: Florida's Working Parents Lose Health Insurance</i> (4/00)	\$ 5.00
00-101	<i>Welfare Action Kit for Advocates</i> (1/00)	\$15.00
00-100	<i>Health Action 2000 Toolkit</i> (1/00)	\$35.00
99-107	<i>Hard to Swallow: Rising Drug Prices for America's Seniors</i> (11/99)	\$15.00
99-106	<i>One Step Forward, One Step Back: Children's Health Coverage after CHIP and Welfare Reform</i> (10/99)	\$15.00
99-105	<i>Rural Neglect: Medicare HMOs Ignore Rural Communitites</i> (9/99)	\$15.00
99-104	<i>Promising Ideas in Children's Health Insurance: Coordination with School Lunch Programs</i> (5/99)	SASE 77¢ postage
99-103	<i>Losing Health Insurance: The Unintended Consequences of Welfare Reform</i> (5/99)	\$15.00
99-102	<i>The Impact of Medicare Reform on Low-Income Beneficiaries</i> (3/99)	\$ 5.00
99-101	<i>Deep in the Heart of Texas: Uninsured Children in the Lone Star State</i> (2/99)	\$ 5.00

For a complete list of available publications, visit our web site at www.familiesusa.org or send a self-addressed stamped envelope (34¢ postage) to Families USA Publications, 1334 G Street, NW, Washington, DC 20005.