

# PRESCRIPTION DRUGS: A BROKEN, DISTORTED MARKET

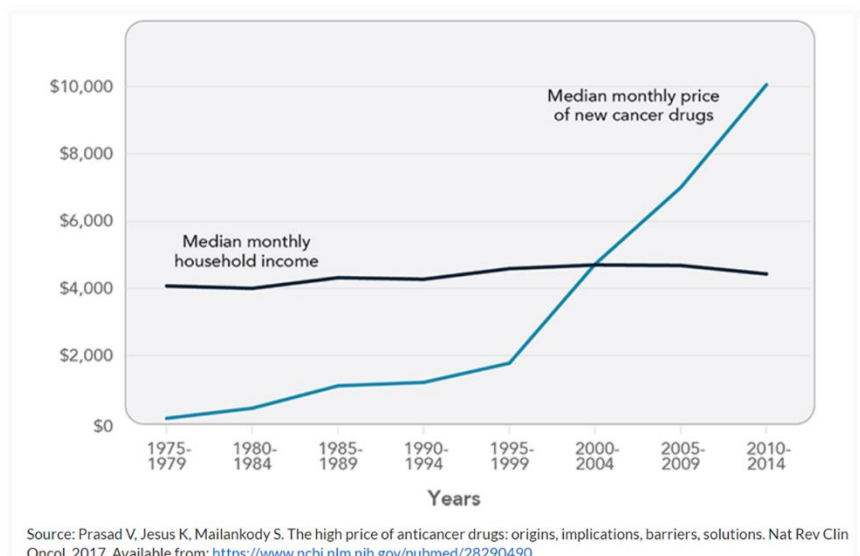
## MINNESOTA COUNCIL OF HEALTH PLANS

While 2017 brought good news with lower increases in prescription drug bills, that slowdown won't last. Drug manufacturers started their 2019 New Year with a new round of price increases. Today drugs are **prescribed in 7 of 10 appointments** and **\$1 of \$5 we spend on care is for prescription drugs**.

### INSURER, EMPLOYER ACTIONS NOT ENOUGH

We all negotiate for better prices, provide incentives for using generics, and share costs to encourage people to think more about the drugs they take. But none of this is enough against rising drug prices. The result is that some prescriptions, even basic medications that have been around for decades, remain out of reach for people.

- Price increases have driven up the expense of commonly used items like EpiPen and insulin to prices where people aren't using them and risk lives.
- Tiered drug pricing often includes a drug specialty tier where employees pay [up to 36 percent of the drug's price](#). On average, specialty drugs cost about \$5,000 a month. Some cancer drug prices are now more than \$13,000 a month.
- Even more expensive drugs are on the way. By 2022, 40 gene therapy drugs that modify a person's genes to treat or cure disease, are expected to be available, and 200 more are in development. Among the first is Zolgensma, a remarkable treatment for babies who have a life-threatening condition called spinal muscular atrophy. The price to treat a child is expected to be [\\$4 million to \\$5 million](#). Luxturna which treats vision loss that may lead to blindness is priced at [\\$850,000 to treat both eyes](#). In all, [7,000 drugs are in the pipeline](#) and three of four are expected to be new types of drugs and therefore extremely expensive. No employee or business can manage the cost of such treatments. And whether it is paid by the employer or taxpayers, the result is we all bear the expense.



### PUBLIC POLICY NEEDS ATTENTION

It has taken decades to create this mess and we cannot afford to wait any longer. While waiting for more federal action, many states and other organizations are stepping in to try and help. Examples include:

- State level transparency to start oversight in drug pricing
- Independent evaluations of the comparative value for drugs
- Attorney's General investigation into pricing behaviors

**Today, we spend more for prescription drugs than hospital care.**