Bitter Pill:

The Rising Prices of Prescription Drugs for Older Americans

A REPORT BY

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INTRODUCTION

Prescription drug expenditures are the fastest-growing component of health care spending. Since 1995, national spending on prescription drugs has grown by over 10 percent every year, more than double the rate of growth for spending on hospital care or physician and clinical services.[1] Three trends have been driving this rapid, sustained growth: The number of prescriptions per person is increasing; newer, higher-cost prescriptions are replacing older, less-costly medications; and the prices of prescription drugs are rising. The latter trend—rising prices—has become increasingly important. More than one-third of the increase in national prescription drug spending from 2000 to 2001 was directly attributable to increases in drug prices.[2]

Rising prices affect all purchasers of prescription drugs—employers, insurers, states (as purchasers of drugs for Medicaid beneficiaries and state employees), and consumers. In recent years, many of these purchasers have taken steps to contain their prescription drug expenses.[3] These steps have included negotiating rebates or discounts from drug manufacturers, steering consumers away from higher-priced drugs, reducing drug coverage, and shifting more costs to consumers through higher copayments and deductibles. Individual consumers, by contrast, have little recourse. Those who have insurance covering prescription drugs face higher copayments and, possibly, limits on which (or how many) prescriptions will be covered. Individuals who have no coverage for prescription drugs, however, bear the brunt of these price increases. With no employer or insurer to negotiate better prices on their behalf, they are left to pay the full cost of their rising prescription drug costs out-of-pocket.

Older Americans, in particular, are burdened by the increasing prices of prescription drugs. Seniors are the population most likely to need prescription drugs, yet they are the least likely of all insured groups to have prescription drug coverage. For several years, Families USA has monitored 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 have risen faster than inflation for each of the years studied.[4]

This study, the latest in Families USA's series of reports on prescription drug prices, has again found that the prices for the 50 prescription drugs most commonly used by seniors have increased considerably faster than inflation. This finding holds for last year (January 2001 to January 2002), for the past five years, and for the past 10 years. Senior citizens generally live on fixed incomes that are indexed to keep pace with inflation, but last year, the cost of the prescription drugs they purchased most frequently rose 7.8 percent, nearly three times the rate of inflation.

FINDINGS

The prices of the 50 prescription drugs most frequently used by the elderly rose by nearly three times the rate of inflation during calendar year 2001: On average, the prices of these top 50 drugs increased by 7.8 percent from January 2001 to January 2002, while the rate of inflation (excluding energy) in that period was 2.7 percent (see Table 1).

Drugs with Fastest-Growing Prices over the Past Year

- From January 2001 to January 2002, of the 50 drugs most commonly used by the elderly (see Table 1):
  - One-fourth of these drugs (12 out of 50) did not increase in price.
  - Nearly three-quarters of these drugs (36 of 50) rose one-and-one-half or more times the rate of inflation.
  - More than one-third of these drugs (18 of 50) rose three or more times the rate of inflation.
- Among the 50 drugs most frequently used by seniors, the following drugs saw the steepest price increases over the one-year period from January 2001 to January 2002 (see Table 1):
  - metoprolol (50 mg), a beta blocker marketed by Teva, rose 20.3 percent (almost eight times the rate of inflation);

- Demadex, a diuretic marketed by Roche, rose 17.8 percent (nearly seven times the rate of inflation);
- Premarin, an estrogen replacement marketed by Wyeth, rose 17.5 percent (nearly seven times the rate of inflation);
- Plavix, an anti-platelet agent marketed by Bristol-Myers Squibb, rose 16.8 percent (more than six times the rate of inflation);
- Zestril (both strengths), an ACE inhibitor marketed by AstraZeneca, rose 14.6 percent (more than five times the rate of inflation);
- Lipitor (10 mg), a cholesterol-lowering drug marketed by Parke-Davis, rose 13.5 percent (more than five times the rate of inflation); and
- Combivent, marketed by Boehringer Ingelheim and used to treat respiratory problems, rose 13.4 percent (more than five times the rate of inflation).
- The price of 10 more drugs increased by three or more times the rate of inflation. These drugs were: Paxil, used to treat depression; Prilosec, a gastrointestinal agent; Prevacid, a gastrointestinal agent; Celebrex (both strengths), an anti-inflammatory; Claritin, an antihistamine; Pravachol, used to lower cholesterol; Glucophage, used to treat diabetes; Detrol, used to treat overactive bladder; and K-Dur 20, a potassium replacement.

Drugs with the Fastest-Growing Prices over the Past Five Years

- Over the five-year period from January 1997 to January 2002, the prices of the prescription drugs most frequently used by older Americans rose, on average, 27.6 percent. This increase was more than twice the rate of inflation over that period, which was 12.4 percent (see Table 2).
- Of the 50 drugs most frequently used by seniors, 42 have been on the market for the five-year period from January 1997 to January 2002 (see Table 2):
  - More than three-quarters (32 of the 42) rose in price by more than one-and-one-half times the rate of inflation over the five-year period.
  - Over two-thirds (29 of the 42) rose in price by two or more times the rate of inflation.

- Almost one-fourth of these drugs (10 out of 42) rose in price by four or more times the rate of inflation.

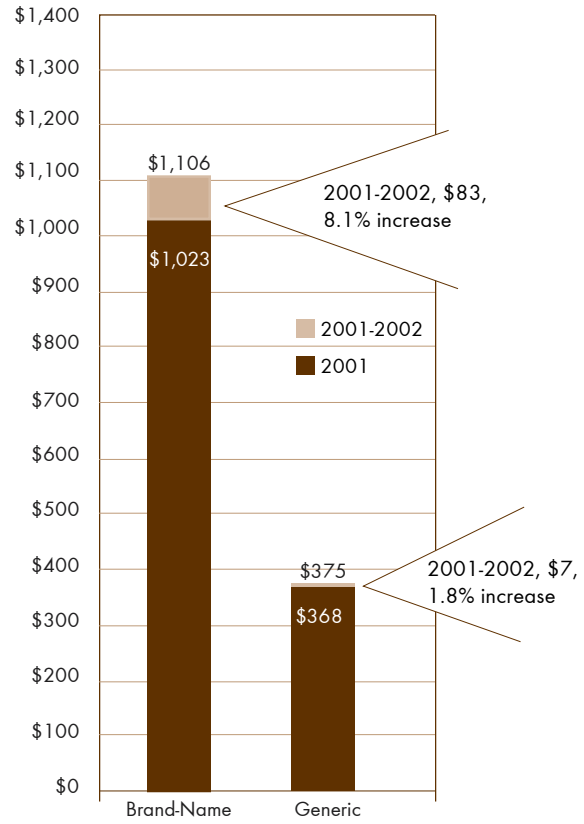
- Of those 42 drugs, the drugs that saw the steepest price increases from January 1997 to January 2002 were (see Table 2):
  - furosemide (20 mg and 40 mg), a loop diuretic marketed by Mylan, which rose by 136.4 percent and 135.2 percent, respectively (11 times the rate of inflation);
  - Premarin, which rose by 67.5 percent (more than five times the rate of inflation);
  - Synthroid (three strengths), a synthetic thyroid agent marketed by Abbott, which rose by over 67 percent (more than five times the rate of inflation);
  - Glucophage, marketed by Bristol-Myers Squibb and used to treat diabetes, which rose by 62.2 percent (five times the rate of inflation); and
  - Lanoxin (both strengths), marketed by GlaxoSmithKline and used to treat congestive heart failure, which rose by 58.1 percent (nearly five times the rate of inflation).

Generic Drugs Vs. Brand-Name Drugs

- During the past year, 10 of the 50 drugs most frequently used by seniors were generic drugs, while the remaining 40 were brand-name drugs. Prices of generic drugs most frequently used by seniors rose by 1.8 percent from January 2001 to January 2002, a rate less than the rate of inflation. During this period, prices for the 40 brand-name drugs most commonly used by seniors increased an average of 8.1 percent—three times the rate of inflation (see Figure 1 and Table 1). Thus, among the top 50 drugs used by seniors, prices for brand-name drugs rose four-and-one-half times the rate of prices for generic drugs in the past year.
  - Of the 10 generic drugs, nine did not increase in price at all from January 2001 to January 2002. The tenth drug, metoprolol (50mg), rose 20.3 percent, more than seven-and-one-half times the rate of inflation during this period.

Figure 1

Average Annual Cost of Brand-Name and Generic Drugs,* 2001-2002



* Reflects prices for the 50 drugs most commonly used by seniors.

- By contrast, only three of the 40 brand-name drugs—Zocor, a cholesterol-lowering drug marketed by Merck; Norvasc, a calcium channel blocker marketed by Pfizer; and Alphagan, a glaucoma treatment marketed by Allergan—did not increase in price from January 2001 to January 2002.

- Of the 10 generic drugs, eight were on the market for the five-year period from January 1997 to January 2002 (see Table 2). Of those eight drugs:
  - three did not increase in price,
  - three more rose slightly faster than the rate of inflation, and
  - two (two different strengths of furosemide) rose approximately 11 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 2002 was $1,070 (see Table 3).[5] Among these 50 drugs, those with the highest annual cost were all brand-name drugs. They include:
  - Celebrex (200 mg), an anti-inflammatory analgesic marketed by Searle, had an annual cost of $2,010;
  - Prilosec, a gastrointestinal agent marketed by AstraZeneca, had an annual cost of $1,684;
  - Prevacid, a gastrointestinal agent marketed by TAP Pharmaceutical, had an annual cost of $1,626;
  - Zocor (20 mg), a cholesterol-lowering drug marketed by Merck, had an annual cost of $1,520; and
  - Plavix had an average annual cost of $1,440.
- By contrast, the 10 generic drugs were significantly less expensive, with an average annual cost of treatment of $375 as of January 2002 (see Table 3). The average annual price for the 40 brand-name drugs was nearly three times that for generics—$1,106 as of January 2002 (see Figure 1). Prices for the generic drugs were as follows:
  - furosemide (40 mg), marketed by Mylan, had an annual cost of $59;
  - atenolol (25 mg), a beta blocker marketed by Geneva, had an annual cost of $256;
  - albuterol, a respiratory agent marketed by Warrick, had an annual cost of $313;
  - metoprolol, marketed by both Teva and Mylan, had an annual cost of $405;
  - isosorbide mononitrate (60 mg), marketed by Warrick and used to treat angina, had an annual cost of $429; and
  - APAP/propoxyphene, marketed by Mylan and used as a pain reliever, had an annual cost of $444.

Frequent Price Changes

- Of the 42 drugs that were on the market for the five-year period from January 1997 to January 2002, 32 drugs had a price increase on at least five occasions during this period (see Table 3). During those years, the following drugs increased in price at least nine times:
  - Claritin, an antihistamine marketed by Schering-Plough, increased in price 13 times;
  - Synthroid (all strengths reported) increased 11 times;
  - Demadex increased 10 times;
  - K-Dur 20, a potassium replacement marketed by Schering-Plough, increased nine times; and
  - Premarin increased nine times.

Long-Standing Drugs

- Of the 50 drugs most frequently used by seniors, 20 have been on the market for the full 10-year period from January 1992 to January 2002. Prices for the vast majority of these 20 drugs increased considerably faster than the rate of inflation. This is surprising since these drugs have been on the market an average of 22 years (Tables 1 and 4).
  - More than one-half (12 of 20) rose at least two times the rate of inflation;
  - Nearly one-half (nine of 20) rose at least three times the rate of inflation; and
  - One-quarter (five of 20) rose at least four times the rate of inflation.
- Of the 20 drugs on the market for the 10-year period between January 1992 and January 2002, those with the most significant increases in price were:
  - furosemide (20 mg), which increased 338.7 percent (more than 11 times the rate of inflation);
  - furosemide (40 mg), which increased 244.6 percent (more than eight times the rate of inflation);
  - Premarin, which increased 128.3 percent (more than four times the rate of inflation);

- Lanoxin (both strengths), which increased 125.9 percent (more than four times the rate of inflation);
- Synthroid (all three strengths), which increased roughly 112 percent (nearly four times the rate of inflation); and
- K-Dur 20, which increased 96.8 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:

NDA	New Drug Application
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

Table 1

Annual Percent Change in Price of the Top 50 Drugs (by Number of Claims) Used by the Elderly[a]

Rank by # of Claims	Drug Name		Strength		Dose Form	Marketer	NDA Approval Date	01-02 % Price Change	01-02 Multiple of CPI
1	Prilosec		20	mg	cap cr	Astra Zeneca	Sep-89	11.5%	4.3
2	Norvasc		5	mg	tab	Pfizer	Jul-92	3.0%	1.1
3	K-Dur 20		20	meq	tab cr	Schering-Plough	Jun-86	8.1%	3.1
4	Lanoxin	b	0.125	mg	tab	GlaxoSmithKline	Aug-67	4.0%	1.5
5	Lipitor		10	mg	tab	Parke-Davis	Dec-96	13.5%	5.1
6	Celebrex		200	mg	cap	Searle	Dec-98	9.4%	3.5
7	furosemide	b	40	mg	tab	Mylan	Aug-81	0.0%	0.0
8	Fosamax		10	mg	tab	Merck	Sep-95	4.9%	1.8
9	Glucophage		500	mg	tab	Bristol-Myers Squibb	Mar-95	8.8%	3.3
10	Plavix		75	mg	tab	Bristol-Myers Squibb	Nov-97	16.8%	6.4
11	Prevacid		30	mg	cap cr	TAP Pharm	May-95	11.5%	4.3
12	Zocor		20	mg	tab	Merck	Dec-91	0.0%	0.0
13	Xalatan		0.005	%	sol	Pharmacia & Upjohn	Jun-96	4.9%	1.8
14	Pepcid		20	mg	tab	Merck	Oct-86	4.9%	1.8
15	Lanoxin	b	0.25	mg	tab	GlaxoSmithKline	Aug-67	4.0%	1.5
16	Norvasc		10	mg	tab	Pfizer	Jul-92	0.0%	0.0
17	Synthroid	b	0.1	mg	tab	Abbott	Dec-63	4.2%	1.6
18	Vioxx		25	mg	tab	Merck	May-99	4.9%	1.8
19	Synthroid	b	0.05	mg	tab	Abbott	Dec-63	4.2%	1.6
20	isosorbide mononitrate	b	60	mg	tab er	Warrick	Sep-98	0.0%	0.0
21	Premarin		0.625	mg	tab	Wyeth	May-64	17.5%	6.6
22	Lipitor		20	mg	tab	Parke-Davis	Dec-96	7.3%	2.7
23	Toprol XL		50	mg	tab	Astra Zeneca	Jan-92	7.6%	2.8
24	isosorbide mononitrate	b	30	mg	tab er	Warrick	Sep-98	0.0%	0.0
25	Cozaar		50	mg	tab	Merck	Apr-95	4.9%	1.9
26	Miacalcin		200	IU/ac	spray	Novartis	Aug-95	3.9%	1.5
27	Zoloft		50	mg	tab	Pfizer	Dec-91	4.3%	1.6
28	metoprolol	b	50	mg	tab	Teva	Jan-95	20.3%	7.6
29	Synthroid	b	0.075	mg	tab	Abbott	Dec-63	4.2%	1.6
30	Zocor		10	mg	tab	Merck	Dec-91	5.9%	2.2
31	atenolol	b	25	mg	tab	Geneva	Sep-91	0.0%	0.0
32	Detrol		2	mg	tab	Pharmacia & Upjohn	Mar-98	8.5%	3.2
33	Zestril	b	10	mg	tab	Astra Zeneca	Dec-87	14.6%	5.5
34	Humulin N	b	100	IU	inj	Lilly	Oct-82	5.0%	1.9
35	Celebrex		100	mg	cap	Searle	Dec-98	10.4%	3.9
36	furosemide	b	20	mg	tab	Mylan	Aug-81	0.0%	0.0
37	Claritin		10	mg	tab	Schering-Plough	Apr-93	9.3%	3.5
38	Pravachol		20	mg	tab	Bristol-Myers Squibb	Oct-91	9.0%	3.4
39	Alphagan		0.2	%	ophth sol	Allergan	Sep-96	0.0%	0.0
40	Glucotrol XL		10	mg	tab	Pfizer	Apr-94	3.4%	1.3
41	Combivent		1	mg	aerosol	Boehringer Ingelheim	Oct-96	13.4%	5.1
42	Paxil		20	mg	tab	GlaxoSmithKline	Dec-92	11.6%	4.4
43	Evista		60	mg	tab	Lilly	Dec-97	5.1%	1.9
44	Vasotec	b	5	mg	tab	Merck	Dec-85	4.9%	1.8
45	atenolol	b	50	mg	tab	Geneva	Sep-91	0.0%	0.0
46	metoprolol	b	50	mg	tab	Mylan	Dec-93	0.0%	0.0
47	APAP/ propoxyphene	b	650	mg	tab	Mylan	Apr-80	0.0%	0.0
48	albuterol	b	90	mcg	aerosol	Warrick	Dec-95	0.0%	0.0
49	Demadex		20	mg	tab	Roche	Aug-93	17.8%	6.7
50	Zestril	b	20	mg	tab	Astra Zeneca	Dec-87	14.6%	5.5
Top 50 Drugs, Average Weighted by Sales[c]								**7.8%**	**2.9**
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 number of prescriptions.
[b] Generic or co-marketed versions of this drug 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 from data published by the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) and data found in Price-Chek PC published by Medi-Span (Facts and Comparisons, Indianapolis), May 2002.

Table 2

Cumulative Price Change of the Top 50 Drugs (by Number of Claims) Used by the Elderly[a]

Rank by # of Claims	Drug Name		Strength		Dose Form	Therapeutic Category	Cumulative Change 1997-2002	Multiple of CPI 1997-2002
1	Prilosec		20	mg	cap cr	Gastrointestinal Agent	27.1%	2.2
2	Norvasc		5	mg	tab	Calcium Channel Blocker	15.5%	1.2
3	K-Dur 20		20	meq	tab cr	Potassium Replacement	35.5%	2.9
4	Lanoxin	b	0.125	mg	tab	Cardiac Glycoside	58.1%	4.7
5	Lipitor		10	mg	tab	Cholesterol-Lowering Agent	26.6%	2.1
6	Celebrex		200	mg	cap	Anti-Inflammatory/Analgesic	*nm*	*nm*
7	furosemide	b	40	mg	tab	Loop Diuretic	135.2%	10.9
8	Fosamax		10	mg	tab	Osteoporosis Treatment	33.7%	2.7
9	Glucophage		500	mg	tab	Oral Antidiabetic Agent	62.2%	5.0
10	Plavix		75	mg	tab	Anti-Platelet Agent	*nm*	*nm*
11	Prevacid		30	mg	cap cr	Gastrointestinal Agent	30.2%	2.4
12	Zocor		20	mg	tab	Cholesterol-Lowering Agent	17.6%	1.4
13	Xalatan		0.005	%	sol	Glaucoma Treatment	32.4%	2.6
14	Pepcid		20	mg	tab	Gastrointestinal Agent	26.9%	2.2
15	Lanoxin	b	0.25	mg	tab	Cardiac Glycoside	58.1%	4.7
16	Norvasc		10	mg	tab	Calcium Channel Blocker	0.0%	0.0
17	Synthroid	b	0.1	mg	tab	Synthetic Thyroid Agent	67.6%	5.4
18	Vioxx		25	mg	tab	Anti-Inflammatory/Analgesic	*nm*	*nm*
19	Synthroid	b	0.05	mg	tab	Synthetic Thyroid Agent	67.8%	5.5
20	isosorbide mononitrate	b	60	mg	tab er	Anti-Anginal Agent	*nm*	*nm*
21	Premarin		0.625	mg	tab	Estrogen Replacement	67.5%	5.4
22	Lipitor		20	mg	tab	Cholesterol-Lowering Agent	19.6%	1.6
23	Toprol XL		50	mg	tab	Beta Blocker	28.9%	2.3
24	isosorbide mononitrate	b	30	mg	tab er	Anti-Anginal Agent	*nm*	*nm*
25	Cozaar		50	mg	tab	Angiotensin II Inhibitor	25.4%	2.0
26	Miacalcin		200	IU/ac	spray	Calcitonin Replacement	32.3%	2.6
27	Zoloft		50	mg	tab	Antidepressant	16.9%	1.4
28	metoprolol	b	50	mg	tab	Beta Blocker	20.3%	1.6
29	Synthroid	b	0.075	mg	tab	Synthetic Thyroid Agent	67.1%	5.4
30	Zocor		10	mg	tab	Cholesterol-Lowering Agent	24.6%	2.0
31	atenolol	b	25	mg	tab	Beta Blocker	0.0%	0.0
32	Detrol		2	mg	tab	Overactive Bladder Treatment	*nm*	*nm*
33	Zestril	b	10	mg	tab	ACE Inhibitor	30.7%	2.5
34	Humulin N	b	100	IU	inj	Insulin Anti-Diabetic Agent	27.5%	2.2
35	Celebrex		100	mg	cap	Anti-Inflammatory/Analgesic	*nm*	*nm*
36	furosemide	b	20	mg	tab	Loop Diuretic	136.4%	11.0
37	Claritin		10	mg	tab	Non-Sedating Antihistamine	28.0%	2.3
38	Pravachol		20	mg	tab	Cholesterol-Lowering Agent	41.5%	3.3
39	Alphagan		0.2	%	ophth sol	Treatment of Glaucoma	52.7%	4.2
40	Glucotrol XL		10	mg	tab	Oral Antidiabetic Agent	15.9%	1.3
41	Combivent		1	mg	aerosol	Respiratory Agent	33.9%	2.7
42	Paxil		20	mg	tab	Antidepressant	36.8%	3.0
43	Evista		60	mg	tab	Osteoporosis Treatment	*nm*	*nm*
44	Vasotec	b	5	mg	tab	ACE Inhibitor	21.4%	1.7
45	atenolol	b	50	mg	tab	Beta Blocker	0.0%	0.0
46	metoprolol	b	50	mg	tab	Beta Blocker	15.8%	1.3
47	APAP/ propoxyphene	b	650	mg	tab	Opiate Agonist	15.4%	1.2
48	albuterol	b	90	mcg	aerosol	Respiratory Agent	0.0%	0.0
49	Demadex		20	mg	tab	Loop Diuretic	34.1%	2.8
50	Zestril	b	20	mg	tab	ACE Inhibitor	30.8%	2.5
Top 50 Drugs, Average Weighted by Sales[c]							**27.6%**	**2.2**
CPI - All Items less Energy, Annual Percent Change							**12.4%**	

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 number of prescriptions.

[b] Generic or co-marketed versions of this drug 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 from data published by the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) and data found in Price-Chek PC published by Medi-Span (Facts and Comparisons, Indianapolis), May 2002.

Table 3

Wholesale Cost Per Year of Therapy for Top 50 Drugs (by Number of Claims) Used by the Elderly[a]

Rank by # of Claims	Drug Name		Strength		Dose Form	NDA Approval Date	Number of Price Changes 1997-2002	2002 Cost/Year
1	Prilosec		20	mg	cap cr	Sep-89	6	$ 1,684
2	Norvasc		5	mg	tab	Jul-92	6	$ 530
3	K-Dur 20		20	meq	tab cr	Jun-86	9	$ 427
4	Lanoxin	b	0.125	mg	tab	Aug-67	6	$ 81
5	Lipitor		10	mg	tab	Dec-96	5	$ 843
6	Celebrex		200	mg	cap	Dec-98	3	$ 2,010
7	furosemide	b	40	mg	tab	Aug-81	3	$ 59
8	Fosamax		10	mg	tab	Sep-95	8	$ 844
9	Glucophage		500	mg	tab	Mar-95	8	$ 889
10	Plavix		75	mg	tab	Nov-97	6	$ 1,440
11	Prevacid		30	mg	cap cr	May-95	7	$ 1,626
12	Zocor		20	mg	tab	Dec-91	4	$ 1,520
13	Xalatan		0.005	%	sol	Jun-96	6	$ 175
14	Pepcid		20	mg	tab	Oct-86	6	$ 740
15	Lanoxin	b	0.25	mg	tab	Aug-67	6	$ 81
16	Norvasc		10	mg	tab	Jul-92	1	$ 794
17	Synthroid	b	0.1	mg	tab	Dec-63	11	$ 144
18	Vioxx		25	mg	tab	May-99	3	$ 1,004
19	Synthroid	b	0.05	mg	tab	Dec-63	11	$ 127
20	isosorbide mononitrate	b	60	mg	tab er	Sep-98	1	$ 429
21	Premarin		0.625	mg	tab	May-64	9	$ 276
22	Lipitor		20	mg	tab	Dec-96	5	$ 1,231
23	Toprol XL		50	mg	tab	Jan-92	7	$ 238
24	isosorbide mononitrate	b	30	mg	tab er	Sep-98	1	$ 407
25	Cozaar		50	mg	tab	Apr-95	7	$ 522
26	Miacalcin		200	IU/ac	spray	Aug-95	7	$ 544
27	Zoloft		50	mg	tab	Dec-91	6	$ 920
28	metoprolol	b	50	mg	tab	Jan-95	1	$ 405
29	Synthroid	b	0.075	mg	tab	Dec-63	11	$ 140
30	Zocor		10	mg	tab	Dec-91	6	$ 922
31	atenolol	b	25	mg	tab	Sep-91	0	$ 256
32	Detrol		2	mg	tab	Mar-98	6	$ 1,108
33	Zestril	b	10	mg	tab	Dec-87	7	$ 403
34	Humulin N	b	100	IU	inj	Oct-82	7	$ 323
35	Celebrex		100	mg	cap	Dec-98	3	$ 1,199
36	furosemide	b	20	mg	tab	Aug-81	3	$ 52
37	Claritin		10	mg	tab	Apr-93	13	$ 973
38	Pravachol		20	mg	tab	Oct-91	6	$ 1,015
39	Alphagan		0.2	%	ophth sol	Sep-96	8	$ 364
40	Glucotrol XL		10	mg	tab	Apr-94	6	$ 274
41	Combivent		1	mg	aerosol	Oct-96	8	$ 694
42	Paxil		20	mg	tab	Dec-92	7	$ 1,031
43	Evista		60	mg	tab	Dec-97	5	$ 849
44	Vasotec	b	5	mg	tab	Dec-85	5	$ 434
45	atenolol	b	50	mg	tab	Sep-91	0	$ 270
46	metoprolol	b	50	mg	tab	Dec-93	2	$ 405
47	APAP/ propoxyphene	b	650	mg	tab	Apr-80	2	$ 444
48	albuterol	b	90	mcg	aerosol	Dec-95	0	$ 313
49	Demadex		20	mg	tab	Aug-93	10	$ 308
50	Zestril	b	20	mg	tab	Dec-87	7	$ 432
Top 50 Drugs, Average Weighted by Sales[c]							**5.6**	**$ 1,070**

[a] Based on price as of January 15 for each year reported. Drugs are listed in descending order of number of prescriptions.
[b] Generic or co-marketed versions of this drug 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 from data published by the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) and data found in Price-Chek PC published by Medi-Span (Facts and Comparisons, Indianapolis), May 2002.

Table 4

Cumulative Price Change of the Top 50 Drugs (by Number of Claims) Used by the Elderly[a]

Rank by # of Claims	Brand Name		Strength		Dose Form	Therapeutic Category	Cumulative Change 1992-2002	Multiple of CPI 1992-2002
1	Prilosec		20	mg	cap cr	Gastrointestinal Agent	33.5%	1.1
2	Norvasc		5	mg	tab	Calcium Channel Blocker	*nm*	*nm*
3	K-Dur 20		20	meq	tab cr	Potassium Replacement	96.8%	3.3
4	Lanoxin	b	0.125	mg	tab	Cardiac Glycoside	125.9%	4.2
5	Lipitor		10	mg	tab	Cholesterol-Lowering Agent	*nm*	*nm*
6	Celebrex		200	mg	cap	Anti-Inflammatory/Analgesic	*nm*	*nm*
7	furosemide	b	40	mg	tab	Loop Diuretic	244.6%	8.2
8	Fosamax		10	mg	tab	Osteoporosis Treatment	*nm*	*nm*
9	Glucophage		500	mg	tab	Oral Antidiabetic Agent	*nm*	*nm*
10	Plavix		75	mg	tab	Anti-Platelet Agent	*nm*	*nm*
11	Prevacid		30	mg	cap cr	Gastrointestinal Agent	*nm*	*nm*
12	Zocor		20	mg	tab	Cholesterol-Lowering Agent	38.2%	1.3
13	Xalatan		0.005	%	sol	Glaucoma Treatment	*nm*	*nm*
14	Pepcid		20	mg	tab	Gastrointestinal Agent	50.2%	1.7
15	Lanoxin	b	0.25	mg	tab	Cardiac Glycoside	125.9%	4.2
16	Norvasc		10	mg	tab	Calcium Channel Blocker	*nm*	*nm*
17	Synthroid	b	0.1	mg	tab	Synthetic Thyroid Agent	111.7%	3.8
18	Vioxx		25	mg	tab	Anti-Inflammatory/Analgesic	*nm*	*nm*
19	Synthroid		0.05	mg	tab	Synthetic Thyroid Agent	113.3%	3.8
20	isosorbide mononitrate	b	60	mg	tab er	Anti-Anginal Agent	*nm*	*nm*
21	Premarin		0.625	mg	tab	Estrogen Replacement	128.3%	4.3
22	Lipitor		20	mg	tab	Cholesterol-Lowering Agent	*nm*	*nm*
23	Toprol XL		50	mg	tab	Beta Blocker	*nm*	*nm*
24	isosorbide mononitrate		30	mg	tab er	Anti-Anginal Agent	*nm*	*nm*
25	Cozaar		50	mg	tab	Angiotensin II Inhibitor	*nm*	*nm*
26	Miacalcin		200	IU/ac	spray	Calcitonin Replacement	*nm*	*nm*
27	Zoloft		50	mg	tab	Antidepressant	*nm*	*nm*
28	metoprolol	b	50	mg	tab	Beta Blocker	*nm*	*nm*
29	Synthroid	b	0.075	mg	tab	Synthetic Thyroid Agent	112.1%	3.8
30	Zocor		10	mg	tab	Cholesterol-Lowering Agent	52.0%	1.8
31	atenolol	b	25	mg	tab	Beta Blocker	*nm*	*nm*
32	Detrol		2	mg	tab	Overactive Bladder Treatment	*nm*	*nm*
33	Zestril	b	10	mg	tab	ACE Inhibitor	56.6%	1.9
34	Humulin N	b	100	IU	inj	Insulin Anti-Diabetic Agent	61.0%	2.1
35	Celebrex		100	mg	cap	Anti-Inflammatory/Analgesic	*nm*	*nm*
36	furosemide	b	20	mg	tab	Loop Diuretic	338.7%	11.4
37	Claritin		10	mg	tab	Non-Sedating Antihistamine	*nm*	*nm*
38	Pravachol		20	mg	tab	Cholesterol-Lowering Agent	67.2%	2.3
39	Alphagan		0.2	%	ophth sol	Treatment of Glaucoma	*nm*	*nm*
40	Glucotrol XL		10	mg	tab	Oral Antidiabetic Agent	*nm*	*nm*
41	Combivent		1	mg	aerosol	Respiratory Agent	*nm*	*nm*
42	Paxil		20	mg	tab	Antidepressant	*nm*	*nm*
43	Evista		60	mg	tab	Osteoporosis Treatment	*nm*	*nm*
44	Vasotec	b	5	mg	tab	ACE Inhibitor	43.6%	1.5
45	atenolol	b	50	mg	tab	Beta Blocker	22.8%	0.8
46	metoprolol	b	50	mg	tab	Beta Blocker	*nm*	*nm*
47	APAP/ propoxyphene	b	650	mg	tab	Opiate Agonist	80.1%	2.7
48	albuterol	b	90	mcg	aerosol	Respiratory Agent	*nm*	*nm*
49	Demadex		20	mg	tab	Loop Diuretic	*nm*	*nm*
50	Zestril	b	20	mg	tab	ACE Inhibitor	56.7%	1.9
Top 50 Drugs, Average Weighted by Sales [c]							**50.1%**	**1.7**
CPI - All Items less energy, Annual Percent change							**29.7%**	

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 number of prescriptions.

[b] Generic or co-marketed versions of this drug 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 from data published by the Pennsylvania Pharmaceutical Assistance Contract for the Elderly (PACE) and data found in Price-Chek PC published by Medi-Span (Facts and Comparisons, Indianapolis), May 2002.

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, 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 Medi-Span/Facts and Comparisons. The price indicator used in this report was 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 used 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 was 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 was made to ensure that the price trends reported accurately reflect the cost of drugs older people use most often.

DISCUSSION

Seniors, who often live on fixed incomes, are especially hard hit by increases in drug prices. America's seniors rely disproportionately on prescription drugs: Although they represent just 13 percent of the population, they consume more than one-third of all prescriptions.[6] Not only do seniors use more prescriptions, they also rely on more costly medications: Drug expenditures for seniors constitute 42 percent of total drug expenditures.[7] Despite their greater need, seniors are also the most likely population with health insurance to find themselves without coverage for prescription drugs. More than 10 million Medicare beneficiaries lack such coverage, and millions more have inadequate and unreliable coverage.[8]

In the last year, prices for the 50 drugs most commonly used by seniors rose, on average, by nearly three times the rate of inflation. This is not a one-year phenomenon. Of these top 50 drugs, 42 have been on the market at least five years and, over that five-year period, have increased in price, on average, by more than twice the rate of inflation. Three of these drugs—Synthroid, Lanoxin, and Premarin—have been on the market since the 1960s, yet over the last five years these drugs have increased in price by roughly five times the rate of inflation (see Table 2).

Most of the drugs with the fastest-growing prices are drugs used to manage chronic health conditions. There were 18 drugs whose prices increased by at least three times the rate of inflation in the last year. Of these, nearly all are for the treatment of common chronic conditions such as diabetes, hypertension, heart disease, and arthritis. Older Americans with chronic conditions depend on these drugs to maintain their well-being. Seven million Americans age 65 and older have diabetes.[9] Millions more suffer from high blood pressure, heart disease, and high blood cholesterol.[10] Older people with chronic diseases like diabetes and hypertension frequently take more than one drug to treat just that one condition, and many older people are living with two or more of these conditions simultaneously. While a senior may be able to compensate for a dramatic increase in price for one medication by making adjustments to other areas of household spending, few can afford simultaneous increases for multiple drugs.

The Role of Advertising

The highest-cost drugs on the list of the 50 drugs most commonly used by seniors are also among the most commonly prescribed. In fact, the five highest-priced drugs are all among the 12 most commonly prescribed, and these five high-priced drugs alone account for nearly 20 percent of the prescriptions written for these 50 drugs. Not only are these drugs high-priced, but they are also among the drugs whose prices are rising most rapidly. Prices for Prilosec, Prevacid, Celebrex, and Plavix all rose by three to six times the rate of inflation in the past year.

Not coincidentally, these high-priced drugs are among the most heavily advertised. Direct-to-consumer advertising plays a major role in increasing the demand for many high-priced drugs, sometimes steering consumers to higher-priced drugs when a lower-cost alternative may be equally appropriate. Marketing and advertising efforts of the drug companies have proven to be quite lucrative. In 2000, AstraZeneca, the maker of Prilosec, spent $107.5 million just in direct-to-consumer advertising of Prilosec (this figure does not include other promotional activities such as marketing efforts targeted to physicians and medical students). In 2001, AstraZeneca had sales of $5.68 billion for Prilosec alone. Direct-to-consumer advertising is common among other high-priced drugs as well. In 2000, Searle, the marketer of Celebrex, spent $78 million on direct-to-consumer advertising of Celebrex; the firm had $3.1 billion in sales of Celebrex in 2001.[11]

Brand-Name Monopolies

Generic drugs offer seniors a lower-cost alternative to higher-cost, brand-name drugs. The average yearly cost of the 50 drugs most commonly used by seniors was $1,070. For brand-name drugs, the average was $1,106, compared to $375 for generics. The most expensive generic drug on the list, APAP/propoxyphene, had an annual cost of $444; the lowest, the 20 mg strength of furosemide, cost $52 a year. The lower cost of generics and the slower growth in their prices argue for a greater emphasis on getting more high-quality generics to the market.

When a generic drug enters a market where only a brand-name drug is available, price competition results, offering consumers the potential for great savings. According to the Congressional Budget Office, generic drugs are about half the price of brand-name drugs in the first year after the generic enters the market.[12] Not surprisingly, the brand-name companies go to great lengths to prevent generic drugs from entering the market. A drug company can extend its monopoly in a number of ways, including marketing what is essentially a "new and improved" version of an existing drug; claiming the generic company has infringed on a patent, halting the entry of the generic for up to 30 months; and by entering into deals with generic manufacturers to delay their marketing of the generic.

One example of what these delays mean for consumers is the case of Prilosec, the number one drug prescribed for seniors. The original patent for Prilosec expired in October 2001. However, the marketer, AstraZeneca, delayed market entry of a generic by filing nearly a dozen lawsuits and by claiming that Prilosec is unique when administered with applesauce. This forced the generic manufacturer to do time-consuming research on how the generic works when sprinkled on applesauce before it could receive approval to go to market.[13] Every day that brand-name manufacturers can avoid competition from generics, they stand to make millions of dollars. In 2001, AstraZeneca had Prilosec sales of more than $16 million a day; that year, the company raised the price of Prilosec by more than four times the rate of inflation. Based on 2001 sales, the eight-month delay since the expiration of the patent means an estimated $3.8 billion in sales for AstraZeneca from this one drug, depriving consumers of the savings from a generic alternative.[14] Legislative changes are needed to ensure that consumers have unimpeded access to generic drugs.

CONCLUSION

As this study confirms, the prices of the top-50 prescription drugs used by older Americans continue to rise faster than inflation, year after year. However, the older Americans who depend on these drugs do not have incomes that are rising nearly as rapidly and their coverage for prescription drugs is steadily eroding. The gap between the cost of the medications they need and what they can afford is growing wider as drug prices rise faster than inflation. Part of the solution to this mounting problem is the enactment of a meaningful drug benefit within the Medicare program. Without any moderation in prescription drug prices, however, the future of prescription drug coverage for Medicare beneficiaries (as well as Medicaid, insurers, employers, and all others) will be in jeopardy, and consumers will be forced to bear the brunt of continuing increases in prescription drug prices.

ENDNOTES

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