

The Impact of Rising Prescription Drug Costs



Global spending on prescription drugs will reach nearly **\$1.8 trillion** by 2026—and the United States alone will spend up to **\$715 billion**, according to the IQVIA Institute for Human Data Science.



Furthermore, the global medicine market is expected to grow at a **3%-6%** compound annual growth rate through 2026.

As prescription drug costs continue to increase, it's important to understand the trends behind them and how to manage your organization's health care expenses better.

Why Are Prescription Drug Prices on the Rise?

Skyrocketing specialty drug costs have significantly contributed to the price of prescription drugs overall. Additionally, as the patient population expands and people age into chronic, complex diseases, increased utilization has contributed to rising costs. Other factors include:



Growth in the production of specialty drugs as the pipeline advances and expands to meet complex market needs



Failure to follow physician orders, which leads to more costly medical problems down the road

A 2023 survey from the Business Group on Health found that prescription drugs were a significant driver of health care costs in recent years. Consider the additional key takeaways:



Prescription drugs accounted for **21%** of employers' health care costs.



56% of pharmacy costs were spent on specialty medications.

Consider these six strategies to mitigate the financial burden of rising prescription drugs costs:

1 Manage usage with drug formularies.

2 Demand price transparency instead of using rebates.

3 Create prescription drug purchasing pools.

4 Support chronic disease management programs.

5 Encourage employee preventive care.

6 Foster employee health literacy to make wiser choices.

Contact us today to learn how to manage your rising prescription drug costs.