



Benefit and Retirement Advisors

U.S. Prescription Drug Spending Rose 10.2% in 2024

A new [report](#) from the American Society of Health-System Pharmacists (ASHP) revealed that prescription drug spending in the United States reached nearly \$806 billion in 2024, up 10.2% from 2023. The increase was largely driven by the demand for weight loss medications, including glucagon-like peptide-1 (GLP-1) drugs. GLP-1 medications are prescribed for diabetes and obesity and are now the top drug category by total spending and the fastest-growing segment on the market.

Researchers also warn that prescription drug prices may be impacted by tariffs on pharmaceutical ingredients and components, especially those originating from China. This could cause shortages and force patients to use more expensive brand-name alternatives.

“GLP-1s are transforming how we treat metabolic disease, but their rise coincides with growing concerns about supply chain vulnerability.”

-Eric Tichy, PharmD, and lead author of the ASHP report

The ASHP report also suggests that the following factors may influence prescription, clinic and hospital spending in 2025:

- **Oncology spending**—New high-cost drugs and implementations of existing therapies may boost oncology spending.
- **Vaccine expenses**—Spending on vaccines has decreased following the COVID-19 pandemic. As anti-vaccine sentiment continues to grow, this may contribute to spending increases in other health care areas.
- **New generics and biosimilars**—Lower-cost prescription drug alternatives may help moderate spending growth. As such, the patent for Entresto, a popular heart failure drug, expires in 2025.

Employer Takeaway

As prescription costs rise, employers may see an increase in health care expenses. While employers can't control the price of pharmaceuticals, they can help by educating employees on benefits offerings, best practices and coverage specifics. By arming employees with knowledge about the health care system, such as how to find generic medications, employees can make informed decisions about their medications.

Contact us for more resources.

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