Patients, employers, and taxpayers in the United States face the highest pharmaceutical prices in the world.

The U.S. system yields brand name drug prices that are nearly three times as high as prices in Organization for Economic Co-operation and Development (OECD) comparison countries, even after accounting for rebates.[1] In 2022, among all OECD countries, the U.S. made up approximately 60% of sales revenues, but only 24% of the volume.[2]

In the U.S.

- Total sales revenues of prescription drugs in the U.S. grew from $582 billion in 2017 to $716 billion in 2022, a 23% increase—compared to only a 2% increase for OECD countries.[3]
- In 2021 the U.S. spent $1,635 per capita on prescription drug costs, compared to an average of $944 per capita in peer countries.[4]
- Even after the first round of Medicare drug price negotiations, all but one of the negotiated prices for those 10 products remained above list prices in peer countries.[5]

$716 BILLION

Total sales revenues of prescription drugs in the U.S. in 2022, a 23% increase from 2017.

Many patients struggle to afford their prescription medications.

- According to a 2022 report, more than 5 million Medicare beneficiaries reported struggling to afford prescription medications, with minority groups being disproportionately affected.[6]
- In 2025, 57% of U.S. registered voters reported difficulty affording medications in the last 12 months, not taking them as prescribed, or not filling a prescription due to cost.[7]
- In 2025 about 50% of Americans reported they could not afford a $500 emergency expense, making high drug costs difficult to manage.[8]

57% OF U.S. REGISTERED VOTERS IN 2025

Reported difficulty affording medications in the last 12 months, not taking them as prescribed, or not filling a prescription due to cost.

- The average annual price of widely used specialty drugs before rebates reached $84,442 in 2020. Many Americans with employer-sponsored health insurance have to pay on average 25% for specialty drugs, which is roughly $21,000 of this amount out of pocket.[9,10]

In 2023, drug spending in the U.S. net of rebates increased by 11.4%, primarily driven by obesity and oncology medications, more than twice the rate of inflation.[11]

- Average prices of brand-name prescription drugs, after rebates, in Medicare Part D more than doubled from 2009 to 2018, an increase equivalent to 10% per year in the net cost of a brand prescription. This increase is driven by average annual price increases and the introduction of newer drugs with higher launch prices.[12]
- In 2023, spending on outpatient prescription drugs in Medicaid and Medicare Part D, net of rebates, amounted to $52 billion and $167.6 billion, respectively.[13,14]

- In 2023 the Medicare program and its beneficiaries spent about $54 billion on Part B drugs, with Part B spending growth averaging 9.4% per year from 2009 to 2023.[15]
- In 2023, of the ten high-expenditure drugs that had substantial net price increases, half were not supported by new clinical evidence. Over the course of a year, these increases accounted for $815 million in additional costs.[16]

Part of the increase in drug spending can be attributed to the shift towards costly specialty drugs. These are drugs that typically treat chronic, complex, or rare conditions, frequently have high prices, low rebates, and may require special handling or patient monitoring.

- Less than 3% of retail fills at pharmacies for the overall population are for specialty drugs, yet they account for 54% of total pharmacy spending.[17,18]
- Between 2010 and 2019, average annual net price growth for specialty drugs was 13.2%, compared with 2.6% for non-specialty drugs.[19]
- The average net price of specialty drugs was much higher than that of other drugs, averaging $1,889 in the Medicaid program and $4,293 in Medicare Part D. In comparison, the average net price of non-specialty drugs ranged from $118 in Medicaid to $343 in Medicare Part D.[20]
- In Medicare Part D, overall spending on specialty drugs increased 10 times over a decade, from $3.4 billion in 2007 to $37.1 billion in 2017.[21]
- One and half million Medicare Part D enrollees spent enough to hit the $2,000 out of pocket cap in 2021.[22]

Anticompetitive behaviors by brand-name manufacturers extend monopoly pricing power long after FDA exclusivities or original patent protections expire.

- Brand-name manufacturers often obtain additional patents on features of drugs that do not change clinical effectiveness as a tactic to delay more affordable generic drugs from entering the market.[23,24]
- Of the top ten selling drugs in the U.S. in 2021, there were over 140 patent applications filed on average for each. About two-thirds of these patent applications were filed after the drug's initial FDA approval.[25]
- Brand-name manufacturers can delay generic competition by paying a generic competitor to withhold their version of the product from the market. These "pay-for-delay" deals cost Americans at least $6.2 billion a year in the form of higher drug prices, though this calculation is likely vastly understated.[26,27]

140+ PATENT APPLICATIONS

On average were filed for each of the top ten selling drugs in the U.S. in 2021.

- Abuse of the citizen's petition process by brand-name manufacturers delays generic competition and has resulted in an estimated financial cost to society of $1.9 billion.[28]
- The EU has 86 approved biosimilars on the market and discounts can exceed 70% of the branded reference product.[29] As of 2024, the U.S. has about 40 biosimilars on the market.[30,31] Anticompetitive practices explain why the U.S. has fewer approved biosimilars and less generous discounts relative to countries in the EU.[32]

In 2024, pharmaceutical companies saw significant revenue growth, with six of the top 20 drugmakers seeing double-digit increases.[33]

- Global pharmaceutical revenues are projected to grow by 5.8% per year through 2028.[34] Global spending on small molecule drugs is expected to double from $76 billion in 2022 to about $152 billion in 2031.[35,36]
- Medicare price reductions under the Inflation Reduction Act (IRA) would have minimal effect on global industry revenues—an estimated 2–4% decrease with 50–95% reductions in net Medicare revenue.[37]
- House Oversight Committee investigations revealed that pharmaceutical manufacturers' pricing decisions have been influenced by increasing revenue targets and earning goals. These price increases are frequently tied to higher compensation for executives, rather than research and development (R&D) funding.[38]
- As of 2025, five of the top pharmaceutical companies in the U.S. have paid zero dollars in federal taxes since 2018, while making hundreds of billions in profits.[39]
- Pharmaceutical companies continue to make significant acquisitions, particularly in the oncology space. In the first half of 2024 there were 14 mergers and acquisitions (M&A) transactions with a deal of over $1 billion.[40]

There is broad consensus from registered U.S. voters across the political spectrum that drug prices are too high, and Congress should act.[41]

- In a 2025 poll, close to 90% of voters say it is important that the government, as the largest purchaser of drugs in the U.S., be able to negotiate the price it pays.
- Most voters, including 72% of Trump voters, say it is very important that the Trump administration defends the Medicare Drug Price Negotiation Program in court.
- A majority of respondents (75% of Trump voters and 84% of Harris voters) strongly support limiting prescription drug price increases to the rate of inflation.

ENDNOTES

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