



The Rise of Prescription Drug Costs and Effects on Different Social Groups in the U.S.

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Introduction

According to the American Bankruptcy Institute (ABI), the United States' leading insolvency and bankruptcy organization, "health care costs are the #1 cause of bankruptcy for America's families," with 56 million Americans having difficulties with "medical debt each year" (Woods, 2020). The majority of medical debts originate from the rise of prescription drug costs in the U.S., which, when compared to spending per capita on these drugs by people from other countries, Americans spend an estimated \$1,200 more per person (Gordon, 2023). This uptrend in costs is forced by three primary factors: a higher prevalence of chronic diseases in the U.S., thus a higher demand for medications, and limited regulation for pharmaceutical and insurance companies, allowing these companies to hike their prices for insurance and drugs. The increased costs for prescription drugs cause over 9 million adults, or 8.21% of all adults between 18 and 64 years of age, to skip medications, take smaller quantities, or even postpone refills (Gordon, 2023). Non-adherence, the option of patients to not complete prescribed treatment, and non-compliance, not following direct instructions given by a treating doctor (Mir, 2023), both come into play due to increased costs for patients and create several health risks such as worsened symptoms, deterioration of quality of life and raised probabilities of hospitalization and death (Bhatt, 2022). In the U.S., the main groups of people who are impacted by high prescription costs vary based on their needs and state of health, resulting in more negative impacts on groups such as the elderly, people with chronic diseases, and the uninsured, compared to the effects on people of younger age, superior health, and the insured.

Groups With High Prescription Drug Use

People with poorer health conditions and higher risks of contracting diseases are the most susceptible to increased prescription costs. These individuals, such as the elderly aged above 65 and people with chronic conditions, require medications to extend their lives and recover. According to the Health Policy Institute (HPI) at Georgetown University (GU), a research institute conducting research and analysis on national health policy issues (Goodman, 1988), prescription drug spending proportionally increases with age, with people over 65 having the highest drug expenditures. Yearly prescription drug spending data based on age groups showed that "for people age 80 and older," spending was "almost 1.5 times higher than those for people age 50 to 64" and double that of the average expenses for all adults (GU HPI, 2019). In terms of money, data showed that adults spent an average of \$177 out-of-pocket for prescription drugs, and people ages 65 to 79 spent \$456, an 11% increase. In contrast, people 80 and older spent \$530, with a rise of 19% compared to the expenditures of adults of all age groups (GU HPI, 2019). The data suggests that people of older age spend more on prescriptions due to higher use and need, which are correlated with increased possibilities of contracting aging-related diseases. The HPI of Georgetown University also analyzed that chronic conditions such as heart disease, diabetes, and cancer cause many adults with these conditions to require regular intake of prescription drugs, with "adults with diabetes" filling "about 4 times as many prescriptions" while also spending "about 4 times as much on prescription drugs as the general population." Although the data from the HPI comes from an analysis of data from a wide range of sources, including government agencies, and insurance claims, the data is limited, excluding information such as citizen polling, which may provide a more robust reference to the thoughts of the elderly and people with chronic conditions on prescription costs. The difference in spending and need for the healthy and the ill sets the state of health of individuals as a critical factor in determining the impact of increased prescription costs, with poorer health leaving a

negative outcome on individuals. This outcome leaves people "hesitant to take chronic disease-treating medications, such as those for diabetes, hypertension, or high cholesterol simply because of cost," says Laura Purdya, an M.D. and family medicine physician (Gordon, 2023). Non-adherence to taking prescriptions when needed can lead to more severe problems, such as hospitalization and, in some cases, death, which is confirmed by doctors such as Purdya, who try to ensure compliance of patients while limiting resulting bias from money or patient welfare.

Benefits and Drawbacks of Having Medical Insurance

To support individuals with paying for the increase of rising prescription costs in the U.S., policies of insurance: contracts in which a health insurer pays certain portions of an individual's medical expenses in exchange for a recurring fee (HealthCare, 2024) have been set in place through the government, and insurance companies. When monitoring individuals' expenditures on prescription drugs, people with insurance tend to encounter different impacts compared to those of the uninsured. For instance, Rima Arora, "a pharmacist and director of pharmacy at DiRx" (Gordon, 2023), a company offering affordable prescription pricing, states that health insurance is a critical factor in increasing drug costs. She explains that medical insurance companies have specific parameters to decide "which medications will be covered or the tiers for coverage... all of which can lead to increased costs for the consumer." She also states that these parameters cause insurance companies to offer generic drugs that "have been adjusted to a higher tier costing the consumer more." Neil Owens, the president of Medicure, a value-based pharmaceutical company, backs up this idea of excessive insurance costs, stating that currently, "patients are often paying more with their co-pay:" a set fee for a prescription while having insurance, "than the actual medication costs" (Gordon, 2023). He explains that people stop taking their medications or even ration them because of constant changes in their insurance coverage. Although both of these individuals hold executive positions at companies that target Americans by offering 'affordable' pricing, indicating their possible bias, they both make valid points indicating that people with insurance tend to still have to pay more for prescriptions, due to limited regulation on healthcare insurance companies. Although insured individuals pay less than uninsured individuals, who may have to pay in full for prescriptions, the lack of assurance sometimes outweighs the benefits (GU HPI, 2019). On the contrary, in an analysis by Blue Cross Blue Shield (BCBS), one of the U.S.'s leading health insurance companies, Americans with private insurance had to pay "less than 10% of total costs" for prescriptions out of pocket, indicating that "health insurers are protecting patients from rising costs rather than passing the price hikes onto their members" (BCBS, 2023). Although data backs up this information, the data is outdated(6-10 years ago) and is based on a report by Oliver Wyman, a consulting firm that creates breakthroughs for clients, showing signs of possible manipulation (Wyman, 2024).

Conclusion

In conclusion, medical expenses, particularly the rise of prescription drug costs caused by increased demand and limited regulation on insurance and pharmaceutical companies, place a heavy toll on the lives of Americans. The associated financial burden causes many individuals across the U.S. to ration necessary medications or even stop taking them to prevent themselves from falling into debt, while risking gaining more harmful problems, such as hospitalization or even death. The most significant aspect influencing people to decide on prescriptions is income, with 40% of households making less than \$40,000 per year reporting difficulty affording



prescription drugs, compared to a reported 11% for families making over \$90,000, according to polls from the Kaiser Family Fund (KFF), a health policy research organization (KFF, 2023). Other than income, the other main determining factor for an individual to keep taking prescriptions is usage and need concerning the individual's health. This is more influential compared to different factors such as insurance status because groups, such as the elderly and adults with chronic conditions, require prescriptions to extend their lives and assure recovery. This motivates many, including the elderly, to return to work and risk falling into debt to extend their lives.

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