

New drugs causing higher prices

When it comes to prescription drugs, newer may or may not be better -- but it's definitely more expensive.

A research team at the University of Maryland School of Pharmacy found that while newer drugs comprise 45% of those most frequently prescribed, they are responsible for 75% of overall drug spending increases.

The study, sponsored by the Health Insurance Association of America and the Blue Cross/Blue Shield Association and published in the journal *Health Affairs*, examined the impact of new drugs on the market.

The study focused on the relationship between health care spending increases and the appearance of new and more expensive drugs.

Researchers identified two factors by which newly approved drugs have great impact on increases in drug spending: product shift and changing utilization patterns.

"Product shift and changes in utilization greatly affect what Americans pay for medications," says study co-author C. Daniel Mullins, Ph.D., associate professor at the School of Pharmacy. "Product shift occurs when new drugs replace older drugs and the newer drugs are more expensive. Also, newer drugs are often utilized more."

Researchers concluded that new drugs in the "pipeline" could boost national drug spending to \$216 billion by 2004. Their study also noted that drug spending growth rates from 1995 to 1999 were more than twice the growth rate of overall health care spending.

SOURCES: *Health Affairs*, Vol. 20 No. 5, Sept.- Oct. 2001

"New Drugs Linked to Higher Prices," University of Maryland at Baltimore, Sep. 14, 2001.

[return to index](#)