

NEWS BRIEF

Provided by: Sullivan Benefits

Drugmakers Launch New Medicines at Record-high Prices in 2022

Drugmakers are introducing new medicines at record-high prices this year, according to [new analysis](#) from Reuters. The median annual price of 13 new drugs the U.S. Food and Drug Administration approved to treat chronic conditions this year is \$257,000. In addition, eight of those newly launched drugs are priced at more than \$200,000. By comparison, the median annual price for the first 30 drugs marketed through mid-July last year was \$180,000, according to a recent Journal of the American Medical Association (JAMA) [study](#).

Reuters' analysis regarding record-high drug prices comes in the wake of the recently passed Inflation Reduction Act, which includes several provisions intended to reduce prescription drug prices. While this legislation does not limit what drugmakers can charge for new drugs, it allows the federal health secretary to negotiate the prices of certain expensive drugs annually for Medicare, and requires pharmaceutical companies to issue rebates if they raise drug prices beyond the rate of inflation.

Some experts believe that drug manufacturers may become more reliant on high drug launch prices. The aforementioned JAMA study revealed that drug launch prices increased from an average of \$2,115 per year in 2008 to \$180,000 per year in 2021. In that same time period, drug launch prices grew by 20% annually. The pharmaceutical industry stated that the prices for these new drugs reflect their value to patients, as many of them treat rare diseases for which there are no other treatments. Drugmakers stressed that they do not determine what patients ultimately pay for their medications.

According to a recent JAMA study, average drug launch prices skyrocketed by more than 8,400% between 2008 and 2021.

However, some drugmakers are disclosing less information about the pricing of those treatments—a practice that has come under scrutiny as of late. Reuters reported it requested price data from all 15 drugmakers that launched new medicines this year. Six of the manufactures either did not respond to Reuters' request or initially only provided partial information.

What This Means

Combating rising health care costs and improving employee well-being are two of the most pressing concerns currently facing employers. With this in mind, employers may want to consider implementing effective strategies to reign in medical spending and address high prescription drug costs.

Contact Sullivan Benefits for more information on managing high prescription drug costs.

