

AARP Study Finds Brand Name Drug Price Increases Accelerate in First Quarter

30 June 2004

A [new study](#) released today by AARP finds manufacturers' wholesale prices for the 197 brand name prescription drugs most frequently used by older Americans continued an upward climb. Prices rose 3.4 percent during the three-month period ending March 31, 2004 compared to a 1.2 percent rate of general inflation for the same period. The average annual rate of increase rose from 6.9 percent for the 12 months ending December 2003 to 7.2 percent for the 12 months ending March 2004.

"Since at least 2000, drug prices have risen steadily. The first three months of 2004 looks like more of the same," said AARP Board Member Doug Holbrook. "This is an outrage."

The report, "[Trends in Manufacturer Prices of Brand Name Prescription Drugs Used by Older Americans-First Quarter 2004 Update](#)", is the first quarterly update in an ongoing study of changes in prices that drug manufacturers charge wholesalers. A baseline study published in May 2004 looked at prices between 2000 and 2003 and found manufacturers' wholesale prices, on average, had steadily increased and, for each year, exceeded the rate of general inflation. Researchers are focusing on manufacturers' price to wholesalers because it is the most substantial component of a prescription drug's retail price.

The study, published by the AARP Public Policy Institute (PPI), found that 29 percent (58) of the drugs studied had increases in the first quarter (i.e., the period from December 31, 2003 to March 31, 2004) of more than 5 percent, or more than four times the rate of inflation for the same period. First quarter increases of more than 7.5 percent were found in almost 11 percent (21) of the drugs. Of the 25 brand name drugs with the greatest sales in 2003, nearly two-thirds (16) had price increases in the first quarter of 2004. Plavix 75 mg, which is third in sales among the drugs studied, had the highest percentage increase among the top 25 drugs, with 7.9 percent in the first quarter. The PPI study was coauthored by AARP's David Gross and Susan Raetzman with Professor Stephen Schondelmeyer of the University of Minnesota.

The study was released in tandem with the latest issue of the "[Rx Watchdog Report](#)," a newsletter directed at consumers. The newsletter provides information about pricing issues as well as legislative and legal actions focused on making drugs more affordable. In addition to a summary of the study, the second issue of the "Rx Watchdog Report" has information on the Senate proposal supported by AARP to allow the importation of prescription drugs the comparative effectiveness of drugs and pharmaceutical advertising. The study and the latest newsletter were released as part of AARP's fight for affordable prescription drugs.

AARP's top priority this year is making drugs affordable, and the organization is engaged in a campaign that includes support of the safe importation of prescription drugs starting with Canada.

AARP is a nonprofit, nonpartisan membership organization dedicated to making life better for people 50 and over. We provide information and resources; engage in

legislative, regulatory and legal advocacy; assist members in serving their communities; and offer a wide range of unique benefits, special products, and services for our members. These include *AARP The Magazine*, published bimonthly; *AARP Bulletin*, our monthly newspaper; *AARP Segunda Juventud*, our quarterly publication for Hispanic members; *NRTA Live and Learn* for National Retired Teachers Association members; and our Web site, www.aarp.org. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.