



# THE STATE OF HEALTHCARE COST TRANSPARENCY REQUIREMENTS

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AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age.

## AARP Public Policy Institute

PPI provides research and analysis on a wide range of issues, publishes regularly, and convenes public and private sector decision makers to advance policy solutions.





## High Drug Prices Affect Older Adults

### Utilization of Rx is high

#### Among adults 65+

- 42% take 5 or more drugs
- 18% take 10 or more drugs

#### Among adults 50-64

- Over 70% take one or more drugs
- Medicaid enrollees: 3.3 prescriptions/month
- ESI: Utilization increased 10% over 5 years

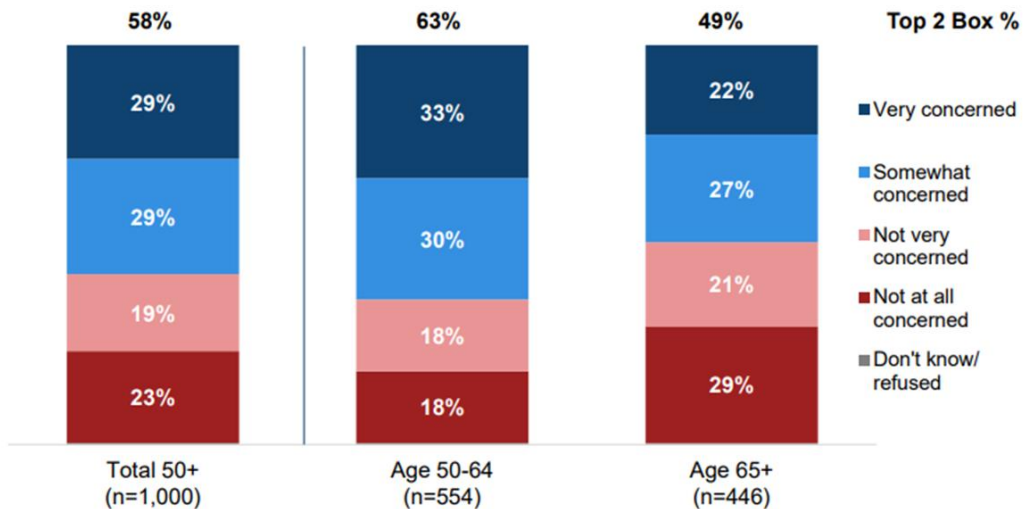
### Limited Income and Assets



# High levels of concern around affordability of prescription drugs

Registered voters age 50 to 64 are more likely than those age 65 and older to express concern about being able to afford prescriptions (63% very or somewhat concerned vs. 49%).

### Concern About Affordability of Prescriptions, by Age

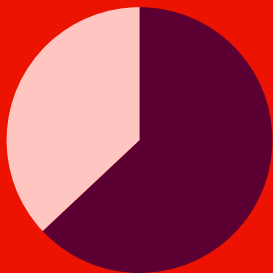


Q4. Thinking about the next few years, how concerned are you about being able to afford the cost of prescription medication you or a family member may need? (Base: All respondents)

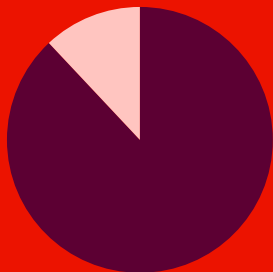


## Older Adults Want Transparency

67% of adults 50+ say prescription drug prices are unreasonable.



88% of adults 50+ support requiring drug companies to publicly disclose how prices are set.



Source: AARP Prescription Drug Survey of Likely Voters Ages 50 and Older, March 2019.

Trends in Retail Prices of Prescription  
Drugs Widely Used by Older Americans,  
2006 to 2020

## Trends in Retail Prices of Specialty Prescription Drugs Widely Used by Older Americans, 2006 to 2020

# Annual Increases in Drug Prices

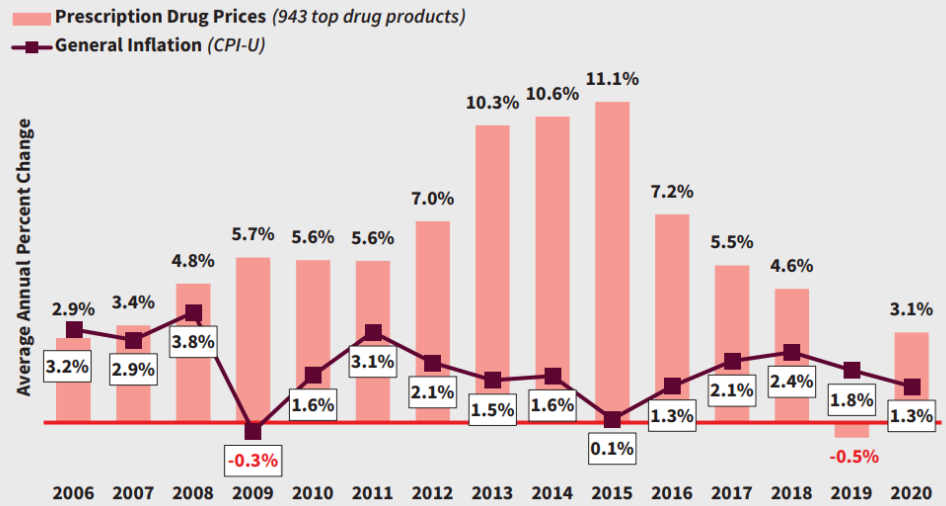
## All Drugs

- In 2020, the average annual retail price per drug: \$26,363.
- Cumulatively, the average retail drug price increased 279.5% over 15 years.

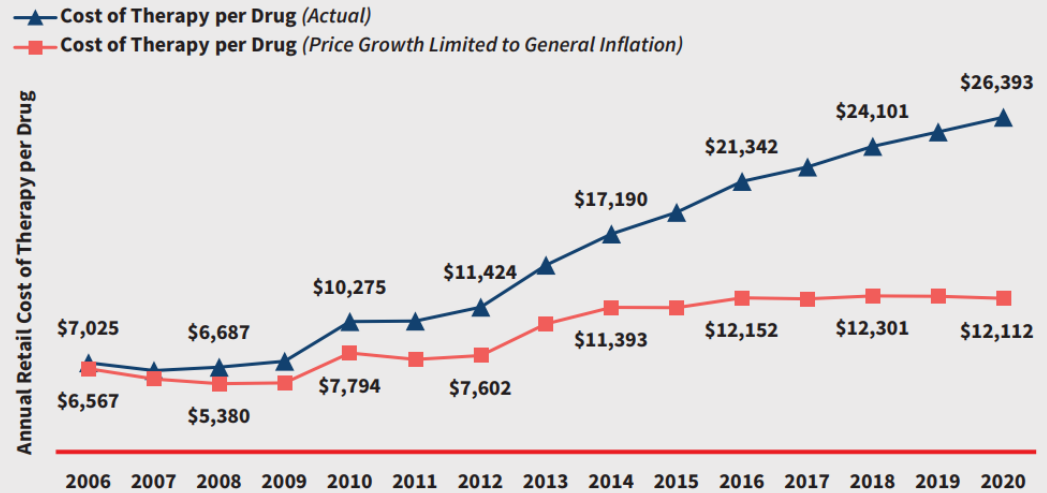
## Specialty Drugs

- In 2020, the average annual retail cost per specialty drug: \$84,000.
- In 2020, 41% of specialty drugs widely used by older adults increased 8-21%.
- Cumulatively, prices for a set of chronic-use specialty drugs on the market since 2006 increased an average of 234.2% over 15 years.

## Annual Increase Compared to Inflation



## Actual Retail Price Growth Compared to Inflation-limited Growth



Source: AARP Rx Price Report,  
<https://www.aarp.org/pri/topics/health/prescription-drugs/trends-in-retail-prices-of-drugs.html>



## Support for Drug Price Transparency

### Supporting the Model

- Worked with legislators to pass transparency in 10 states

### Supporting implementation

- Provided analysis of reported information
- Offered comments for improvement





## Price Transparency is an Important First Step

### Provides new understanding

- Pricing trends
- Plan spending trends
- Insights into pricing behavior

### Price reforms beyond transparency . . .

- Prescription drug affordability boards (PDABs)
- Anti-price gouging
- Bulk purchasing
- Reference pricing



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