

FACT SHEET: How High Drug Costs Hurt Seniors

Protect Our Care Releases New Fact Sheet As Part of Lower Rx Summer

Seniors are at the center of the drug pricing crisis. Nearly 9 in 10 Americans over the age 65 take prescription medications, with many struggling with serious conditions such as diabetes, arthritis, and cancer. As many as one in four seniors, or more than 10 million seniors nationwide struggle to afford prescription drugs, with higher rates among more vulnerable groups, including low-income seniors, people of color, and those in poor health. It is unconscionable that seniors and older adults in this country are forced to make impossible choices between purchasing essential medicines and buying food or paying rent.

Yet every day, drug companies profit off of seniors. Drugmakers are raking in record profits and spending millions on lobbying to block reform while continuing to hike the prices of lifesaving medications. A recent [analysis](#) from the Kaiser Family Foundation found that half of all drugs covered by Medicare Part D, or 1,646 drugs, had price increases averaging 3.5 times the rate of inflation between 2018 and 2019. This translates to hundreds, if not thousands, in additional out-of-pocket costs for patients -- simply unworkable for seniors with fixed incomes. Research shows that even a modest increase in out-of-pocket costs can have [deadly consequences](#) for patients, who are forced to skip doses or forgo medications altogether due to rising costs.

High drug prices demonstrate the urgent need to give Medicare the power to negotiate for lower drug prices. In 2019, the House of Representatives passed the Lower Drug Costs Now Act (H.R. 3), historic legislation that would lower drug prices for all patients, not just those covered under Medicare. H.R. 3 would save patients over \$150 billion and reduce the price of the costliest drugs by as much as 55 percent.

Not only does giving Medicare the power to negotiate help seniors at the pharmacy counter, but it would save the federal government nearly \$500 billion, which could be reinvested to strengthen health care for seniors and older adults. These savings could help lower premiums, expand coverage, establish an out-of-pocket cap for drug costs, and strengthen Medicare benefits to include hearing, vision, and dental. As the nation recovers from the coronavirus pandemic, ensuring access to affordable health care, and specifically prescription drugs, has never been more critical.

KEY POINTS

- **Millions of seniors are struggling to afford medications as drug companies are raking in major profits.** [89 percent](#) of Americans over 65 take prescription medications, with [one in four](#) struggling to afford drug costs. Meanwhile, pharmaceutical companies are experiencing record [profits](#) and breaking [records](#) for the money they are spending on

K Street lobbyists to block legislation to lower prices for seniors. Research shows Big Pharma could lose [\\$1 trillion](#) in sales and still be the most profitable industry.

- **Despite record profit, drug manufacturers continue to exploit a broken system by hiking prices at the expense of our seniors.** In January 2021, drugmakers hiked the price of [nearly 1,000 drugs](#). Between 2018 and 2019, 1,646 drugs covered by Medicare Part D experienced price increases averaging [3.5 times](#) the rate of inflation. These surging drug costs are particularly difficult for the 50 percent of Medicare beneficiaries living on annual incomes below [\\$29,650](#).
- **Growing out-of-pocket drug costs put the lives of seniors at risk.** Medicare has [no cap](#) on out-of-pocket prescription drug costs. A 2021 study found that increasing out-of-pocket drug costs by [only \\$10](#) created a 33 percent increase in mortality, due to a decrease in medication accessibility. Biogen's debut of Aduhelm, a new Alzheimer's treatment slated to cost \$56,000 per year with over [\\$10,000](#) in out-of-pocket costs to patients, demonstrates the reckless greed of the pharmaceutical industry.
- **Americans don't trust Big Pharma to play fair.** Nearly [75 percent](#) of Americans do not trust drug manufacturers to set fair pricing for prescription drugs and [nine in ten](#) believe the federal government should have the power to negotiate with drug companies to lower the price of prescription drugs for Medicare recipients.

Rising Prescription Drug Costs Disproportionately Impact Seniors

Nearly Nine In Ten Seniors Currently Take Prescription Medication, With Millions Struggling To Afford The Cost. [One in four](#) adults over 65 report difficulty affording their prescription drugs. Seniors most likely to experience [difficulty](#) are: in poor health, have an annual household income under \$30,000, and/or take four or more prescription medications.

Prescription Drug Prices Continue To Outpace Inflation. Between 2018 and 2019, 1,646 drugs covered by Medicare Part D experienced price increases averaging [3.5 times](#) the rate of inflation.

The Most Essential Medications Are Often The Most Expensive. With the high cost of specialty medications, it should come as no surprise that [80 percent](#) of prescriptions that seniors report struggling to afford are for the treatment of 'somewhat serious' or 'very serious' health conditions. One million Medicare Part D beneficiaries spend more than Part D's catastrophic coverage threshold, paying an annual out-of-pocket average of \$3,200. Patients taking prescription drugs for treatment of cancer, hepatitis C, multiple sclerosis, and rheumatoid arthritis face some of the most extreme costs. The average out-of-pocket cost for 11 oral prescription cancer drugs was [\\$10,470](#) in 2019.

Most Medicare Beneficiaries Live On A Fixed Income. In 2019, 50 percent of Medicare recipients had incomes under [\\$29,650](#). With average out-of-pocket costs for specialty medications surpassing [\\$8,000](#), many seniors are faced with the impossible decision of filling their prescriptions or paying for other basic needs.

Growing Out-Of-Pocket Prescription Costs Limit Medicare Beneficiaries' Access To Drugs

Medicare Has No Out-Of-Pocket Limit For Prescription Drugs. Individuals on Medicare are the only insured Americans to have [no cap](#) for out-of-pocket medication costs. Once Medicare beneficiaries are out of the coverage gap and have obtained catastrophic coverage, they are still responsible for [coinsurance and copayments](#) costs.

Out-of-Pocket Costs For Specialty Medications Are Skyrocketing. Even with catastrophic coverage, Medicare Part D enrollees can face thousands of dollars in out-of-pocket expenses for specialty drugs. Kaiser Family Foundation anticipated the average 2019 out-of-pocket cost for specialty drugs to be [\\$8,109](#).

High Out-of-Pocket Costs Force Seniors To Forgo Medications. [One in five](#) seniors report not taking their medications as prescribed due to cost. A 2021 study found that increasing out-of-pocket costs by [only \\$10](#) created a 23 percent decrease in Medicare beneficiaries taking prescription drugs as instructed, as well as a 33 percent increase in mortality.

Seniors Are Forced To Put Off Retirement To Access Needed Drugs. Without a limit on out-of-pocket costs for prescriptions, many older Americans [continue working](#) to retain access to employer insurance plans which offer additional coverage. Postponing the transition to Medicare also allows for the continuation of financial assistance from pharmaceutical manufacturers, not available to Medicare beneficiaries.

Americans Don't Trust Big Pharma And Support Efforts To Bring Down Drug Prices

Americans Hold Big Pharma Responsible For High Costs. [80 percent](#) of Americans believe the profits of drug manufacturers are a leading contributor to the unreasonably high price of prescription medication. As a result, nearly 75 percent of Americans do not trust pharmaceutical corporations to set a fair price for their prescription drugs.

Seniors Want Action From Congress. [82 percent](#) of seniors support the federal government negotiating lower prescription drug prices for Medicare recipients and nearly 70 percent favor an annual cap on out-of-pocket drug costs for those on Medicare.

There Is Strong Support For Drug Price Negotiation. [Nine in ten](#) Americans agree the federal government should have the power to negotiate with drug companies to lower the price of prescription drugs for Medicare recipients.

Seniors Support Basing Drug Prices On Amounts Paid In Other Countries. [60 percent](#) of older Americans favor tying what Medicare pays for prescription drugs to the amounts paid by other countries. The Commonwealth Fund [found](#) that H.R. 3 would create a maximum price for any negotiated drug by tying it to the cost in other countries and penalizing manufacturers who fail to agree to prices set by HHS.