

Prescription Drug Prices Are Driving Cost Increases for Employers and Commercially Insured Individuals

 **Total prescription drug spending by health plans on commercially insured individuals more than doubled between 2014 and 2024, from \$694 to \$1,626 per enrollee per year.**

- **This 134% increase was driven by an 84% increase in the average price of a prescription**, while the volume of prescriptions increased 28% during the ten-year period.



Branded and specialty drugs drove the increase.

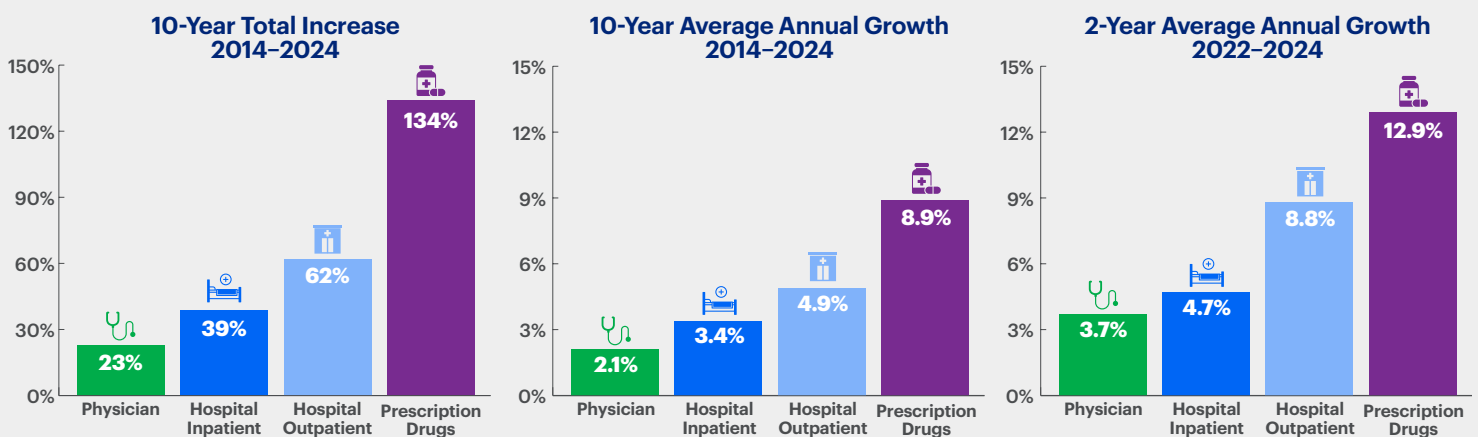
- **Branded drugs** – which often are protected by patents that block generic competition and allow pharmaceutical manufacturers to regularly set higher prices – **represented 92% of the drug spending increase, despite representing only 13% of all drug volume in 2024.**
- **Specialty drugs** – which generally are high-priced branded drugs, and more recently include some generics – **represented 63% of the drug spending increase, despite representing only 1% of all drug volume in 2024.**



Health plan spending on prescription drugs increased faster than for other service categories.

- The 134% spending increase on prescription drugs between 2014 and 2024 was:
 - **More than double** the increase for hospital outpatient services (62%)
 - **More than triple** the increase for hospital inpatient services (39%)
 - **More than five times** the increase for physician services (23%)

Health Plan Medical Spending Growth per Enrollee by Service Category



- As a result of their faster growth, prescription drugs accounted for a **larger share of spending over time**:
 - **18% of spending in 2014**
 - **26% of spending in 2024**



Prescription drug costs are continuing to rise.

- Prescription drug spending is projected to **increase significantly over the next decade**, as:
 - Demand grows for specialty drugs and GLP-1s.
 - Costly single-use gene therapies continue to enter the market.
 - Manufacturers continue to leverage their market power and patent protections to set prices.
- If recent trends continue, prescription drugs would account for:
 - **32% of spending in 2030**
 - **38% of spending in 2035**

Methodology

Estimates are based on analysis of UnitedHealthcare claims and financial accounting data for fully insured employer coverage in 2014 through 2024 using generally accepted accounting principles (GAAP) established by the Financial Accounting Standards Board (FASB) and required by the U.S. Securities and Exchange Commission (SEC). Estimates for 2024 are based on claims incurred but not reported as of February 2025. The average growth rates shown are compound annual growth rates for the period indicated.

Health plan medical spending includes spending on all medical and pharmacy services. The physician services, hospital inpatient services, and hospital outpatient services categories do not include behavioral health services spending. Prescription drugs provided during hospital stays are counted as hospital inpatient spending.

Prescription drug spending reflects net prices paid by health plans, after rebates and other price concessions. The total 134% spending increase for all branded and generic prescription drugs per enrollee includes spending on retail and home delivery drugs as well as drugs dispensed at outpatient facilities and administered by physicians; it includes spending on drugs covered under the pharmacy benefit and under the medical benefit. The estimates for branded drugs' and specialty drugs' shares of the total 2014 to 2024 spending increase and of total 2024 volume are based on an analysis of retail and home delivery drugs, which together accounted for 72% of all spending on prescription drugs in 2024. Projected prescription drug spending and total medical spending for 2030 and 2035 use 2024 values increased by the compound annual growth rates for the period 2014 to 2024.