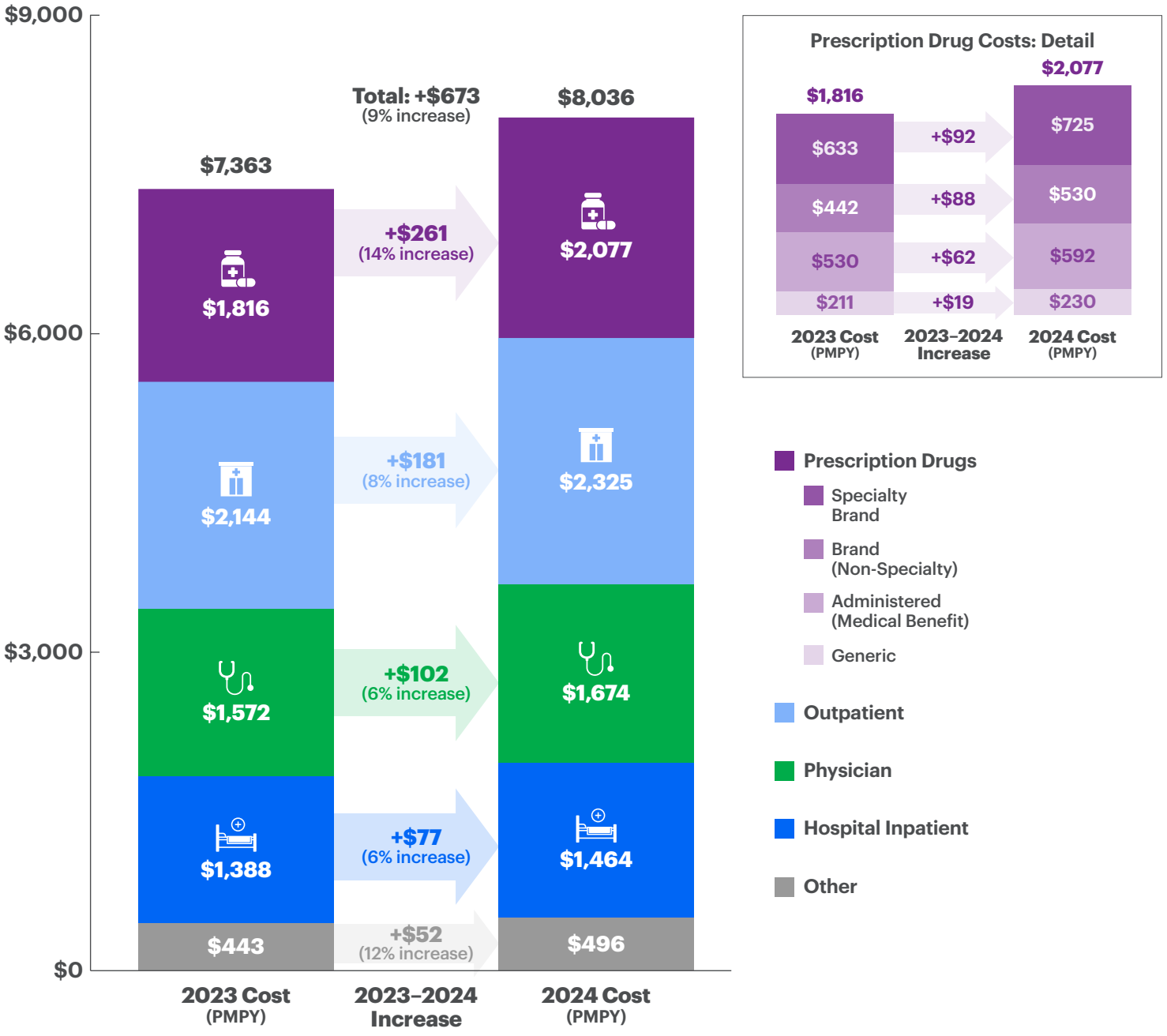
Prescription Drugs Drove 2024 Cost Increases for Employers and Commercially Insured Individuals

Total medical costs for people with commercial coverage increased 9% per person in 2024 – an average annual increase of $673. **Prescription drugs, which represented one quarter of medical costs, disproportionately accounted for nearly 40% of the 2024 cost increase**, more than any other service category.

Average Total (Health Plan and Consumer) Costs: Fully Insured Commercial Market, 2023 and 2024



PMPY = per member per year

Prescription drugs drove nearly 40% of the 2024 cost increase.

The $261 one-year increase in prescription drug costs, which reflected a 14% annual growth in 2024, was driven by:

- 13% higher utilization of specialty brand drugs, such as Skyrizi, Cosentyx, Dupixent, and Rinvoq – which are used to treat skin conditions, arthritis, asthma, inflammatory bowel disease, and other conditions;
- 31% higher prices for brand (non-specialty) drugs, such as Ozempic, Mounjaro, Zepbound, and Wegovy – GLP-1s used to treat Type 2 diabetes, obesity, and reduce the risk of major cardiovascular events; and
- 12% higher prices for drugs administered in hospital outpatient departments and other health care facilities, such as Keytruda, Opdivo, and Darzalex Faspro – biologic and immunotherapy agents used to treat cancers including melanoma, non-small cell lung cancer, and multiple myeloma.

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, GLP-1s, and administered drugs.
- Costly single-use gene therapies continue to enter the market.
- Manufacturers continue to leverage their market power and patent protections to set prices.

If spending on prescription drugs for commercially insured individuals continues to increase at 14% per year:

- By 2030, average drug costs per person would **more than double from $2,077 to over $4,500**.

Methodology

Estimates are based on analysis of 2023 and 2024 UnitedHealthcare claims, paid through May 2025, for individuals enrolled in fully insured employer coverage.

All services were categorized into the following major service categories: hospital inpatient, outpatient, physician, prescription drugs, and other. Hospital inpatient services include drugs administered during admissions and do not include services delivered in other inpatient facilities (e.g., skilled nursing facilities, mental health facilities). Outpatient services include services delivered at a range of facilities (e.g., hospital outpatient departments, hospital and freestanding emergency rooms, ambulatory surgery centers, urgent care centers). Physician services include services delivered in physician offices and physician visits paid separately regardless of site of care. Prescription drugs include medications covered under the pharmacy benefit and those covered under the medical benefit. Unlike oral medications typically covered under the pharmacy benefit, administered drugs covered under the medical benefit are typically infusions or injections given by a medical professional either in a clinical setting or a patient's home. Drugs administered in hospital outpatient departments and other health care facilities include drugs administered in hospital-owned physician practices and do not include drugs administered in independent physician offices or pharmacies. Prescription drug costs under the pharmacy benefit reflect post-rebate dollars, while those under the medical benefit reflect pre-rebate dollars and include the ingredient costs of drugs administered or dispensed by outpatient facilities and providers. Other services include rehabilitation, skilled nursing facilities, inpatient behavioral health, and capitated payments for behavioral health services.

Total allowed per-member-per-year (PMPY) costs, inclusive of health plan payments and consumer cost sharing, were disaggregated by major service category, further broken down by subcategory, and compared for 2023 and 2024. For each subcategory, utilization per 1,000 individuals per year and unit costs were calculated, and the relative contributions of the change in utilization and the change in unit cost towards the subcategory's year-to-year PMPY change were calculated.