

The High Cost of

Making “cents” of it all

Prescription drugs are the fastest-growing part of the nation’s health care expense. As the cost of medicine rises, many people are faced with difficult decisions. Pharmacy bills have become a significant item in the budget of most families, and often much-needed medicine is balanced against necessities such as groceries or rent. It is an emotional issue with a billion dollar price tag.

Pharmaceutical companies blame the exorbitant cost of high-tech Research & Development efforts, while consumers grumble at expensive and often overwhelming marketing and advertising campaigns. In fact, according to Competitive Research, Schering-Plough spent \$136 million in 1998 advertising just Claritin, which was more than Coca Cola spent in the same year advertising Coke.

Here are some other interesting facts:*

- Seniors comprise 12 percent of the population but use 37% of prescription drugs.
- Almost a third of the elderly who have insurance through Medicare lack drug coverage.
- Older Americans pay, on average, almost twice as much as the drug companies’ favored customers — large insurance companies and HMOs — for the medications most frequently prescribed for Seniors.
- According to the May 2001 Report from The National Institute for Health Care Management Foundation, Americans spent \$131.9 billion on prescription drugs sold through retail outlets in the year 2000, up from \$111.1 billion in 1999 — an 18.8 percent increase. The rise follows a 19 percent increase in spending from 1998 to 1999.
- In a recent survey of 134 physicians published in *Archives of Internal Medicine*, 80 percent said they were unaware of the actual costs of the medications they prescribe.

*All information unless otherwise denoted was obtained from “The Cents and Nonsense of High Cost Prescription Drugs” published by the Cooper Institute.

