

US report: Prescription drug prices down slightly last year

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In this June 15, 2018, file photo, pharmaceuticals are seen in North Andover, Mass. A government report says prices for prescription drugs edged down 1% last year, driven by declines for generics and slow growth for brand-name medications. (AP Photo/Elise Amendola, File)

Prices for prescription drugs edged down by 1% last year, a rare result driven by declines for generics and slow, low growth in the cost of brand-name medications, the government said Thursday.

Though modest, it was the first such price drop in 45 years, according to nonpartisan economic experts at the federal Department of Health and Human Services, who deliver an [annual report](#) on the nation's [health](#) care spending.

The price drop was for retail pharmacy prescriptions, not medications administered in hospitals or doctor's offices. HHS experts said the last time retail prescription [drug](#) prices declined was in 1973, when they went down by 0.2%.

The price drop comes amid questionable prospects for major legislation to curb prescription drug costs.

Nonetheless, it was a nugget of decent news in a sobering, broader report on rising U.S. health care spending.

The HHS report found that spending on prescription medicines at pharmacies accounted for 9% of the total \$3.6 trillion national health care tab in 2018. Total U.S. health care spending grew by 4.6% last year, averaging \$11,172 per person. In the [real world](#), U.S. spending is concentrated on the sickest patients, with 5% of the population accounting for half of costs.

Because of strong overall economic growth last year, [health care spending](#) as a share of the national economy declined slightly, from 17.9% in 2017 to 17.7%, the report found.

Legislation pending in Congress to curb drug costs would mainly benefit older people on Medicare, who are the biggest consumers of medicines.

House Speaker Nancy Pelosi is forging ahead with a floor vote next week on her bill authorizing Medicare to negotiate prices for the costliest drugs, including insulin. Under her bill, private insurance plans would be able to get Medicare's prices as well.

But President Donald Trump and Republicans in Congress are solidly opposed to Medicare negotiations. Instead Trump is backing a bipartisan Senate bill that would require drugmakers to pay rebates to Medicare if they hike prices above inflation. As a candidate Trump had called for allowing Medicare to negotiate directly.

Both bills would cap what Medicare recipients must pay annually in out-of-pocket costs for their prescriptions.

The HHS report made no forecast of future prescription drug prices. It's unclear if the 1% price decline seen last year may be the beginning of a

sustained trend or was merely a temporary pullback by drug companies getting pummeled by Trump and lawmakers of both parties.

Thursday's report found that nearly 9 out of 10 prescriptions dispensed are for generic drugs, which puts downward pressure on prices.

Even though prices of brand-name drugs increased more moderately, they still accounted for most of the spending on [prescriptions](#)—nearly 79%.

The government's findings on prices for brand-name drugs dovetailed with an analysis earlier this year by The Associated Press.

In the first seven months of 2019, drugmakers raised list prices for brand-name [prescription medicines](#) by a median of 5%, the AP found. That was down from about 9% or 10% over those months the prior four years. The AP's findings suggest that an easing in drug [prices](#) may continue this year.

Reducing prescription drug costs remains one of the top priorities for consumers. The White House claims that Trump has already delivered historic price cuts, but a recent Gallup poll found that 66% of adults believe the president has made little or no progress.

The government study was published online by the journal *Health Affairs*.

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