



High and Increasing Prices Drive Prescription Drug Spending

The Problem

Spending on prescription drugs is high in Rhode Island.

- Statewide retail prescription drug spending per person amounted to \$1,223 in 2021, representing 15% of total medical spending.¹

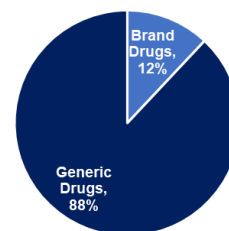
Price increases for brand name drugs are driving growing prescription drug spending in Rhode Island.

- In 2021, brand name drugs made up only 12% of all drugs dispensed but accounted for 81% of drug spending.
- Prices for these drugs steadily increased from 2017 to 2020, while utilization remained flat or decreased.²

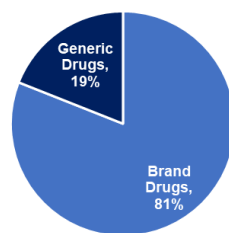
Certain brand drugs have had VERY HIGH prices and have also had high rates of annual price growth.

- A prescription drug may enter the market at a very high per unit price and become even more costly over time.
 - For example, the Humira (Cf) pen was introduced into the market in 2019 at a price of **\$68,880 per year**.³
 - After two years on the market, in 2021, the price of this drug had increased 19% to nearly **\$82,000 per year**.

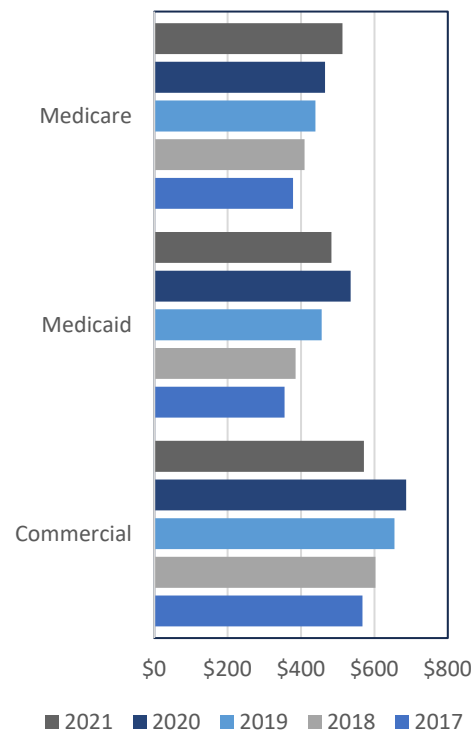
Share of Utilization



Share of Total Spending



Price per Unit of Prescription Drugs²



Why This Matters

Rhode Islanders cannot afford their life-saving prescription medications.

- Many residents use prescription drugs, and a significant portion of the elderly and those with chronic conditions rely on them to manage their conditions.
- Too many Americans have reported not filling a prescription at the pharmacy, skipping doses, or cutting pills in half because of the high prices of their medications.⁵
- For those who do fill their prescriptions, paying for these medications means less income going toward necessities like food or housing.

Research on national prescription drug spending data shows that, over time, the average launch prices of prescription drugs have increased by 20% annually.⁴

OHIC Promotes Transparency into State Health Care Spending Patterns

The Rhode Island Office of the Health Insurance Commissioner can leverage the state's All-Payer Claims Database ([HealthFacts RI](#)) to better understand patterns in health care spending and spending growth. Users can conduct analyses using these data in the interactive dashboards available on the [OHIC Data Hub](#). These data can inform provider organizations, payers, purchasers, policymakers, and state residents interested in improving the affordability of health care in Rhode Island.

1. OHIC's analysis of total medical expense data from insurers, the Centers for Medicare & Medicaid Services (CMS), and the Rhode Island Executive Office of Health and Human Services (EOHHS).
2. Price trend for 2021 did not follow this pattern due to high utilization of COVID-19 vaccines, which were largely subsidized and made available at very low per unit prices. It is likely that without these vaccines, this pattern of growing average price would have persisted for 2021.
3. Health plans often negotiate with drug manufacturers – either directly or through pharmacy benefit managers (PBMs) – to receive discounts on prescription drugs. However, manufacturers and PBMs do not disclose the amount of the rebates on a drug-specific basis. Annual cost is based on the price per unit (PPU) for a 30-day supply multiplied by 12.
4. <https://jamanetwork.com/journals/jama/article-abstract/2792986>
5. <https://www.kff.org/health-costs/poll-finding/public-opinion-on-prescription-drugs-and-their-prices/>

Learn More about OHIC at www.ohic.ri.gov



STATE OF RHODE ISLAND

Office of The Health Insurance Commissioner

Department of Business Regulation

The Rhode Island Office of the Health Insurance Commissioner (OHIC) was established through legislation in 2004 to broaden the accountability of health insurers operating in Rhode Island. The Office is dedicated to: protecting consumers, encouraging fair treatment of medical service providers, ensuring solvency of health insurers, and improving the health care system's quality, accessibility, and affordability.