

U.S. Prescription Drug Prices Are 2.5 Times Those in Other OECD Countries

THE ISSUE

U.S. prescription drug costs continue to rise, and prior research shows that the United States spends more per capita on prescription drugs than do other Organisation for Economic Co-operation and Development (OECD) nations. While high U.S. drug prices likely play a central role in driving higher U.S. spending on prescription drugs, the last study to systematically compare drug prices in the United States with those of other countries used data that are now over a decade old.

STUDY FOCUS

RAND researchers used 2018 prescription drug volume and price data to compare U.S. drug prices with those in 32 other OECD nations, both overall and for specific categories of drugs, such as brand-name and generic medications.

KEY FINDINGS

- U.S. prices were 250 percent of those in the 32 comparison countries combined.
- In comparisons with individual countries, U.S. prices ranged from 170 percent of prices in Mexico to 779 percent of prices in Turkey.
- Brand-name drugs drove the disparity: U.S. prices for this category were 344 percent higher.
- For unbranded generics, U.S. prices were lower than those of other countries—specifically, 84 percent of prices in the comparison countries combined.
- U.S. prices remained nearly twice those of other countries after adjusting U.S. prices downward to account for rebates and other discounts paid by drug companies.

IMPLICATIONS

- In theory, recent policy proposals that rely on using prices in other countries as a tool to control prices in the United States could lead to savings, particularly for brand-name drugs. However, there are many factors to consider when developing and implementing drug price policies.
- Future research should compare prices for additional categories of drugs, such as biosimilars.

This brief describes research conducted in RAND Health Care and documented in *International Prescription Drug Price Comparisons: Current Empirical Estimates and Comparisons with Previous Studies* by Andrew W. Mulcahy, Christopher Whaley, Mahlet G. Tebeka, Daniel Schwam, Nathaniel Edenfield, and Alejandro U. Becerra-Ornelas, RR-2956-ASPEC, 2021 (available at www.rand.org/pubs/research_reports/RR2956). To view this brief online, visit www.rand.org/t/RBA1296-1. The RAND Corporation is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. RAND is nonprofit, nonpartisan, and committed to the public interest. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. RAND® is a registered trademark.

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