



Drug Prices Are Growing Faster Than Any Other Commodity or Service

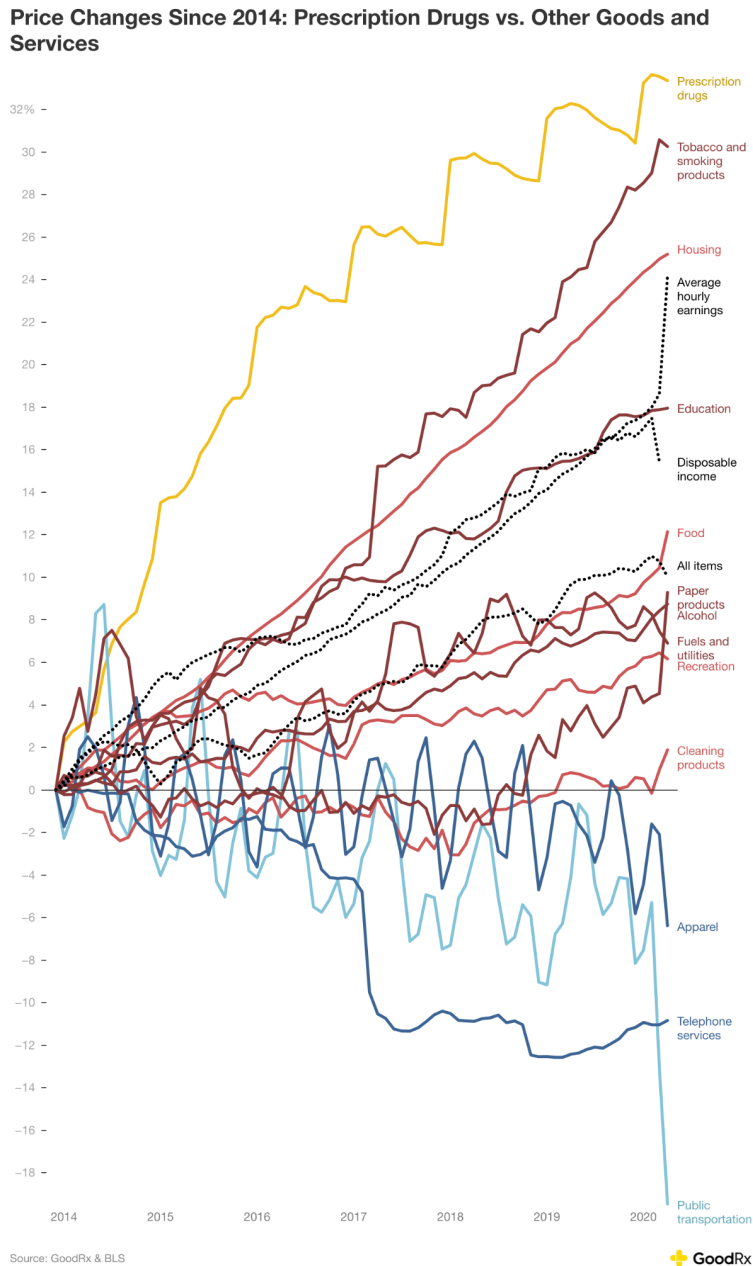
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Drug prices have increased faster than any other commodity, according to a recent GoodRx analysis. Since 2014, prescription drug costs have risen by 33%, far outpacing goods and services like food, utilities, and public transportation.

The GoodRx Research Team compared price change data from The Bureau of Labor Statistics' Consumer Price Index to the GoodRx Drug List Price Index, and it's no surprise that many people are unable to afford their prescriptions. Not only have drug prices outpaced goods and services, but they have also far outpaced wages. What's more, as prices for drugs rise, prices for other goods, like telephone services and public transportation, are on the decline.



Since the COVID-19 pandemic began in March, many commodities have seen atypical price changes. While prices for prescription drugs have only dropped by 0.6% since February, the following have been heavily affected by the pandemic:

- Average hourly earnings have increased by more than 5% since February.
- Prices for paper goods and cleaning supplies have increased by 5% and 3%, respectively.
- Food prices have increased by 3%.
- The cost of public transportation has decreased by 15%.

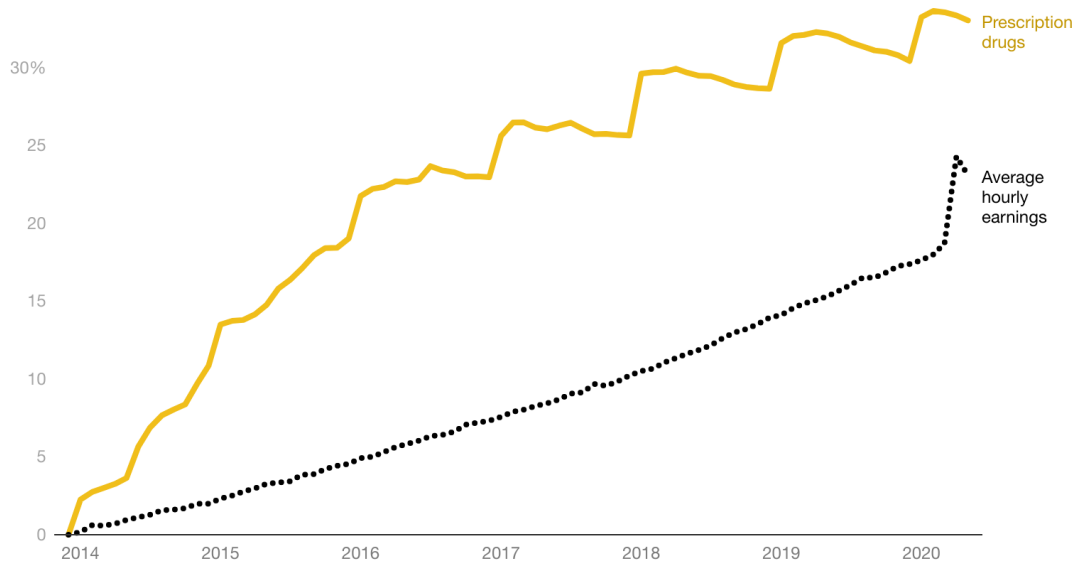
[Data from the Consumer Price Index](#) (CPI) measures the change over time in goods and services that people purchase, while drug price changes come from GoodRx's List Price Index. Both datasets track daily price changes, but while the Drug List Price Index data is based off of official list prices set by manufacturers, CPI data comes from surveys of consumers and establishments.

So how do prescription drugs track to specific goods and services? Here's the breakdown.

Wages aren't keeping up with drug prices

It's no wonder that many Americans are finding it hard to afford their prescription medications — since 2014, prescription drug prices have far outpaced the growth of wages, and things are getting worse during the COVID-19 pandemic.

Price Changes Since 2014: Prescription Drugs vs. Hourly Earnings



Source: GoodRx & BLS



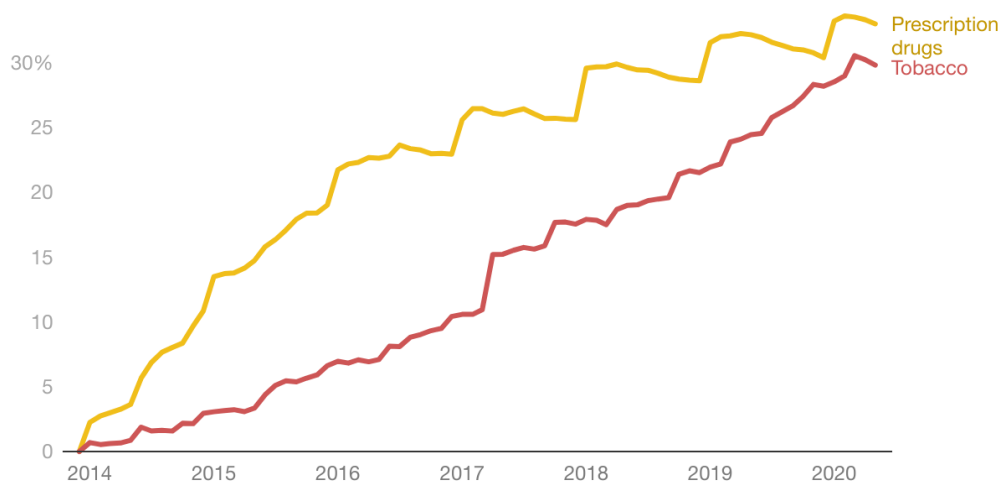
While prescriptions have increased by 33% since 2014, average hourly earnings are only up by 23% despite COVID-19's effect on the numbers. From February to May, wages saw the largest jump we have [ever seen](#), but only because many low-wage workers have lost their jobs in response to the pandemic, leaving the index dominated by the higher-earning positions. As 38 million Americans and counting file for unemployment, it will be even more difficult in the coming months for many to afford their medications.

A yearly snapshot of the data highlights just how far drug prices are rising beyond wages. In January 2020 alone, [639 drugs saw an increase in list price](#) by an average of 6%, increasing prescription drug prices overall by 3%. But during that same time period, wages only increased by 0.3%.

Tobacco prices are also going way up

So what commodity has increased almost as much as drug prices? Tobacco and smoking products. Since 2014, prices for tobacco products like cigarettes, cigars, and vapes have increased by nearly 30%, surpassing other goods like food, utilities, and even alcohol.

Price Changes Since 2014: Prescription Drugs vs. Tobacco and Smoking Products



Source: GoodRx & BLS

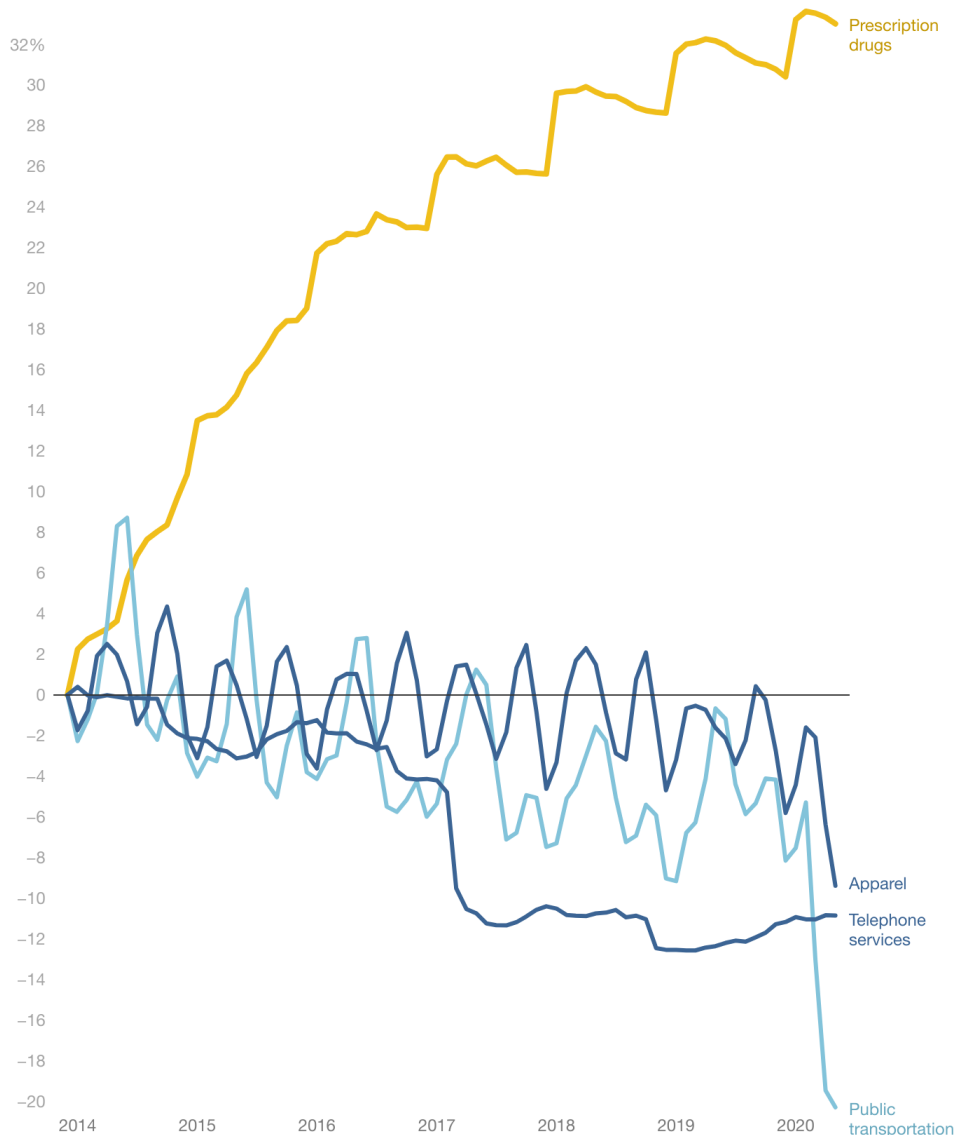


Continuous research has shown that taxing cigarettes and smoking products can [help to reduce smoking rates](#), ultimately leading to a healthier population. Increased taxes can likely explain much of the rise in price here. But while prices for cigarettes have risen to dissuade people from smoking, prices for lifesaving drugs are also increasing. The irony is not lost on us.

Clothing, transportation, and phone service prices are going down

Finally, while drug prices have skyrocketed, prices for apparel, public transportation, and telephone services have dropped. Since 2014, telephone service prices have decreased by 11%, public transportation prices have decreased by 20%, and apparel prices have decreased by 9%.

Price Changes Since 2014: Prescription Drugs vs. Apparel, Public Transportation and Telephone Services



Source: GoodRx & BLS



Prices for public transportation (including airfare, buses, and subways) have been quite volatile since 2014, likely a product of seasonal price changes. But, like many commodities, they have

seen a massive decline due to the pandemic. From February to May, prices declined by 15%, likely a result of the decline in airline prices during the pandemic. Prices for transportation are heavily influenced by demand, so as the U.S. abides by stay-at-home orders, demand dropped and so did prices.

Prices for apparel (for both men, women, and children) have also seen variation due to seasonality, but have declined in total by 9% since 2014. Much of this decline can likely be attributed to the fast fashion movement that has put pressure on retailers and prices.

Telephone services have seen a decline, too, by 11%. While prices have been relatively stable the past few years, there was a large drop in 2017, likely a result of the multiple [mergers and acquisitions that took place during the year](#).

Summing it all up

Drugs are expensive — this we already knew. But comparing drug price increases to the prices of products we regularly purchase highlights just how expensive medications are getting. While many of us may not be exposed to these drug price hikes because we are shielded from the costs by our insurance, they do place a burden on the healthcare system and increase prices for patients.

One-third of Americans say they have [skipped](#) filling a prescription one or more times because of the cost, and 1 in 10 adults have [reported](#) rationing their medications because of cost. Skipping and rationing medications, referred to as non-adherence, can lead to an unhealthy population and higher visits to the ER, lower productivity, and higher death rates — all things that can strain the health system and economy. Additionally, high-priced drugs end up raising overall healthcare spending, which trickles down to consumers in the form of higher insurance premiums, copays, and coinsurance.

So what can consumers do? With no price decreases in sight, Americans need to become educated consumers with respect to their healthcare and prescription drugs in particular. They need to shop around for their healthcare, advocate for their health and their wallet, and have an open dialogue about drug affordability with their healthcare provider.

Methodology

The GoodRx List Price Index

The GoodRx List Price Index is used to track the evolution of the price of prescription drugs in the United States. This index is based on published list prices as set by the manufacturers of prescription drugs, and the prescription drug mix as dispensed by community retail pharmacies. The list price index is calculated daily, taking into account day-to-day changes in list prices and quarterly changes in the prescription drug mix. The list price index starts on December 31st, 2014 and ends on April 30, 2020. The index is based on the prescription drug mix as dispensed, so price changes in high-volume and high-cost drugs will have more impact on the index than low-volume and low-cost drugs.

The GoodRx List Price Index uses a nationally representative sample of prescriptions from each quarter to estimate the drug mix across all community retail pharmacies for that time period. The drug mix is used to calculate the average price change of all drugs and is updated every quarter.

The Consumer Price Index

According to the Bureau of Labor and Statistics, [“the Consumer Price Index \(CPI\) is a measure of the average change over time in the prices of consumer items — goods and services that people buy for day-to-day living.”](#)

The CPI is estimated based on a representative sample of consumer purchases across the United States, but it is not a complete measure of all price changes. The CPI also includes changes in sales tax and other taxes.

The following are the goods and services bucketed under each category referenced in our research:

- Tobacco and smoking products: Cigarettes, tobacco products other than cigarettes, unsampled items
- Rent: Rent of primary residence
- School tuition: Educational books and supplies, tuition, other school fees, and childcare
- Food: Cereals and bakery products; meats, poultry, and eggs; dairy and related products; fruits and vegetables; nonalcoholic beverages and beverage materials; other food at home; and food away from home
- Fuels and utilities: Fuel oil and other fuels, gas (piped) and electricity, water and sewer and trash collection services
- Alcohol: Alcoholic beverages at home, alcoholic beverages away from home
- Apparel: Men’s and boys’ apparel, women’s and girls’ apparel
- Public transportation: Airline fare, other intercity transportation, intra-city transportation, unsampled transportation.

- Telephone services: Wireless telephone services, telephone services land-line
- Cleaning products: Laundry and cleaning products and laundry and cleaning equipment
- Paper products: Household paper products