CONTRACTOR PROJECT REPORT

Comparing Prescription Drugs in the U.S. and Other Countries: Prices and Availability

Assistant Secretary for Planning and Evaluation (ASPE)
U.S. Department of Health & Human Services

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Please visit https://aspe.hhs.gov/prescription-drugs for more information about ASPE research on prescription drugs.

ASPE Executive Summary

The Office of the Assistant Secretary for Planning and Evaluation (ASPE) contracted with RAND Health Care to carry out three studies analyzing data on U.S. prescription drug prices and availability in comparison to drug prices and availability in other Organisation for Economic Co-operation and Development (OECD) countries. Key takeaways from each of the three studies are summarized below.

International Prescription Drug Price Comparisons: Estimates Using 2022 Data*

- In 2022, U.S. prices across **all drugs** (brands and generics) were nearly three times as high as prices in 33 OECD comparison countries. For every dollar paid in other countries for drugs, consumers in the U.S. pay $2.78. The gap is widening over time as U.S. drug prices grow faster than drug prices in other countries and the mix of drugs changes.
- U.S. prices for **brand drugs** were 422 percent of prices in the comparison countries, or at least 322 percent if we adjust for estimated rebates in the U.S., but not for estimated rebates in other countries (for which data are generally unavailable).
- In contrast, U.S. prices for **unbranded generics** were lower than prices in comparison countries. For every dollar the other countries on average pay for these drugs, in the U.S., consumers pay 67 cents. Unbranded generics made up 90 percent of U.S. prescription volume, compared with 41 percent of volume in the other countries.

Comparing Insulin Prices in the United States to Other OECD Countries: Estimates Using 2022 Data*

- In 2022, U.S. prices for insulin products were nearly ten times as high as prices in 33 OECD comparison countries. Average gross prices in the U.S. were more than 10 times prices in France and the United Kingdom; nearly nine times prices in Italy; more than eight times prices in Japan; about seven times prices in Germany; and more than six times prices in Canada.
- Insulin products are among the most heavily rebated prescription drugs—though this does not reduce insulin costs for the uninsured or for enrollees with high deductibles, who may pay full list prices. After adjusting for rebates for insulin in the U.S., but not for estimated rebates in other countries (for which data are generally unavailable), the U.S. pays $2.33 for every dollar paid for insulin in other countries.

Comparing New Prescription Drug Availability and Launch Timing in the United States and Other OECD Countries

- Of 287 new drugs launched in the U.S. or comparison countries from 2018 to 2022, 164 (57 percent) were available in both the U.S. and comparison countries by the end of 2022.
- The 57 percent of new drugs available in both the U.S. and other countries accounted for 90 percent of spending on all new drugs in the U.S. and 93 percent in the comparison countries, suggesting the most important new drugs are widely available in both the U.S. and comparison countries. Forty-eight drugs (17 percent) were available only in the U.S., and 75 (26 percent) were available in at least one of the comparison countries, but not available in the U.S.

- Nearly 85 percent of new drugs sold in the U.S. were sold in the U.S**. either first or in the same quarter** they were introduced in other countries. Over half of new drugs are launched first in the U.S. **before** being launched in other countries, with an average lag of about one year between launch in the U.S. and launch in another country.
- Among comparison countries, Japan and Germany were the fastest to launch after the U.S., with average lags of about three quarters after the U.S. for Japan and four quarters after the U.S. for Germany. Some drugs launched in these two countries first, before they were launched in the U.S or other countries.
- The U.S. spends a higher and growing share of total drug spending on new drugs compared with other countries: 12.8 percent in the U.S. vs. 6.9 percent in comparison countries in 2022.

* Prior ASPE Studies:

Andrew W. Mulcahy, Christopher Whaley, Mahlet G. Tebeka, Daniel Schwam, Nathaniel Edenfield, and Alejandro U. Becerra-Ornelas, "International Prescription Drug Price Comparisons: Current Empirical Estimates and Comparisons with Previous Studies," July 1, 2022, https://aspe.hhs.gov/reports/international-prescription-drug-price-comparisons.

Andrew W. Mulcahy, Daniel Schwam, and Nate Edenfield, "Comparing Insulin Prices in the U.S. to Other Countries," September 23, 2020, https://aspe.hhs.gov/reports/comparing-insulin-prices-us-other-countries.

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