

GAO@100 Highlights

Highlights of [GAO-21-282](#), a report to the Chairman, Committee on the Budget, U.S. Senate

Why GAO Did This Study

While spending on prescription drugs continues to grow worldwide, studies indicate the U.S. spends more than other countries. However, various factors—such as country-specific pricing strategies, confidential rebates to payers, and other price concessions—may obscure the actual prices of prescription drugs.

GAO was asked to review U.S. and international prescription drug prices. This report (1) examines how prices at the retail and manufacturer levels in the U.S. compare to prices in three selected comparison countries—Australia, Canada, and France, and (2) provides information on consumers' out-of-pocket costs for prescription drugs in these countries.

GAO analyzed 2020 price data for a non-generalizable sample of 41 brand-name drugs among those with the highest expenditures and use in the U.S. Medicare Part D program in 2017. Twenty of these drugs had price data available in all four countries. For U.S. prices, GAO estimated the net prices paid using data from various sources, including estimates of Medicare Part D rebates and other price concessions, and commercially available data.

Prices for the selected comparison countries were obtained from publicly available government sources. National prices were not available for Canada, so GAO used the prices from Ontario, Canada's most populous province, as a proxy for Canadian prices. GAO also reviewed country-specific guidance and other relevant information and interviewed researchers, manufacturers, and government officials.

View [GAO-21-282](#). For more information, contact John E. Dicken at (202) 512-7114 or dickenj@gao.gov.

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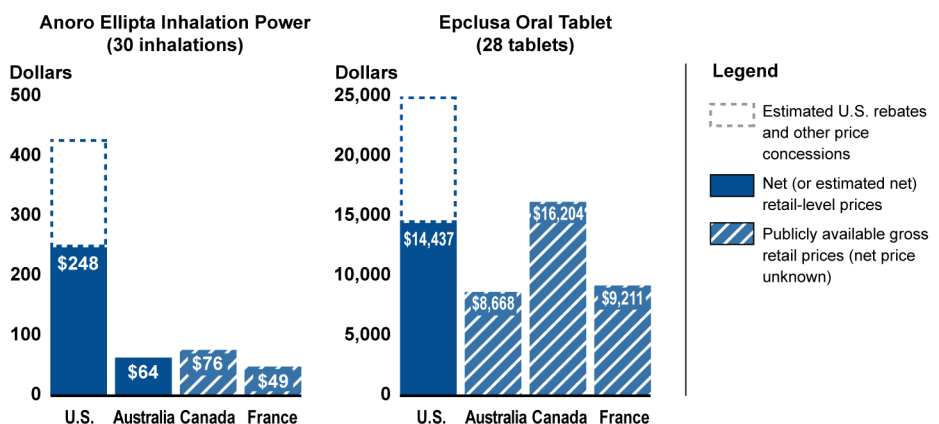
PRESCRIPTION DRUGS

U.S. Prices for Selected Brand Drugs Were Higher on Average than Prices in Australia, Canada, and France

What GAO Found

GAO's analysis of 2020 data found that, for 20 selected brand-name prescription drugs, estimated U.S. prices paid at the retail level by consumers and other payers (such as insurers) were more than two to four times higher than prices in three selected comparison countries. The U.S. prices GAO estimated for comparison reflect confidential rebates and other price concessions, which GAO refers to as net prices. Publicly available prices for the comparison countries were gross prices that did not reflect potential discounts. As a result, the actual differences between U.S. prices and those of the other countries were likely larger than GAO estimates. The price differences varied by drug. Specifically, while estimated U.S. net prices were mostly higher than the gross prices in other countries (by as much as 10 times), some were lower. The following figure illustrates comparisons for two of GAO's selected drugs. GAO found similar differences in estimated prices paid by final payers at the manufacturer level.

Estimated U.S. Net Prices and Selected Comparison Countries' Gross Prices at the Retail Level for Two Selected Drugs and Package Sizes, 2020



Source: GAO analysis of data from Medicare Part D, a commercially available compendium, and national pricing sources. | GAO-21-282

GAO's analysis found consumers' out-of-pocket costs for prescription drugs varied across and within all four countries but likely more within the U.S. and Canada where multiple payers had a role setting prices and designing cost-sharing for consumers, and not all consumers had prescription drug coverage. In Australia and France, prescription drug pricing was nationally regulated and prescription drug coverage was universal; thus, consumers' out-of-pocket costs within these countries for each drug were generally less varied. For example, in Australia, consumers typically paid one of two amounts for prescription drugs—either about 5 or 28 U.S. dollars in 2020. In the U.S., potential out-of-pocket costs for consumers could have varied much more widely depending on the type of coverage they had. For example, for one drug in GAO's analysis, considering only a few coverage options, consumers' out-of-pocket costs in 2020 could have ranged from a low of about 22 to a high of 514 U.S. dollars.

GAO provided a draft to the Department of Health and Human Services for review and incorporated the Department's technical comments as appropriate.