



Weekly Checkup

Wide Variation In Prescription Drug Prices

CONOR RYAN | JULY 17, 2014

Recent expensive innovations, from hepatitis drugs to proton beam therapy, raise a recurring and uncomfortable question: how much is too much to pay for new innovative treatments? Without wading into the deeply philosophical, it can help to provide context for shocking price tags—to separate the reasonable from the unwarranted. Medicaid maintains survey data regarding the acquisition cost of a long list of drugs purchased by community and chain pharmacies and calculates a weekly National Average Drug Acquisition Cost (NADAC) for each drug. As shown in the chart below, the acquisition prices vary widely among brand-name prescription drugs. Some variation is expected—prescription drugs perform a diverse set of tasks that range from trivial to complex—but the contrast between the most expensive and the moderately priced is stark. The average NADAC for the 200 most expensive drugs is roughly \$690, whereas the average NADAC for the next 200 most expensive is roughly \$36.

