

Prescription Drug Price Changes in January 2022

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Prescription drug products, like other goods and services, have price changes over time. Brand name drug products, especially those with government-granted patents or other types of exclusivity, periodically increase in their price. Prescription drug products can, and do, change their price whenever they want. While some brand name drug products change their prices about once a year, a number of brand name drug products raise their price two, three, or even four times a year. On the other hand, some prescription drug products, such as generics, may go down in price due to competition from equivalent generics that can be routinely substituted at the pharmacy.

This analysis found that most Top selling drug products had a price increase in the first 25 days of January 2022 with 72.2% of the Top 100 and 64.0% of the Top 500 products showing an increase. In contrast, among all of the prescription drugs beyond the Top 500 (38,699 NDCs) only 8.0% had a price increase on, or before, Jan. 25 in 2022. The price changes analyzed in this report were changes that occurred in the first 25 days of January 2022, leaving more than 11 months in 2022 for additional price changes.

Top Selling Drugs Had the Most Price Increases

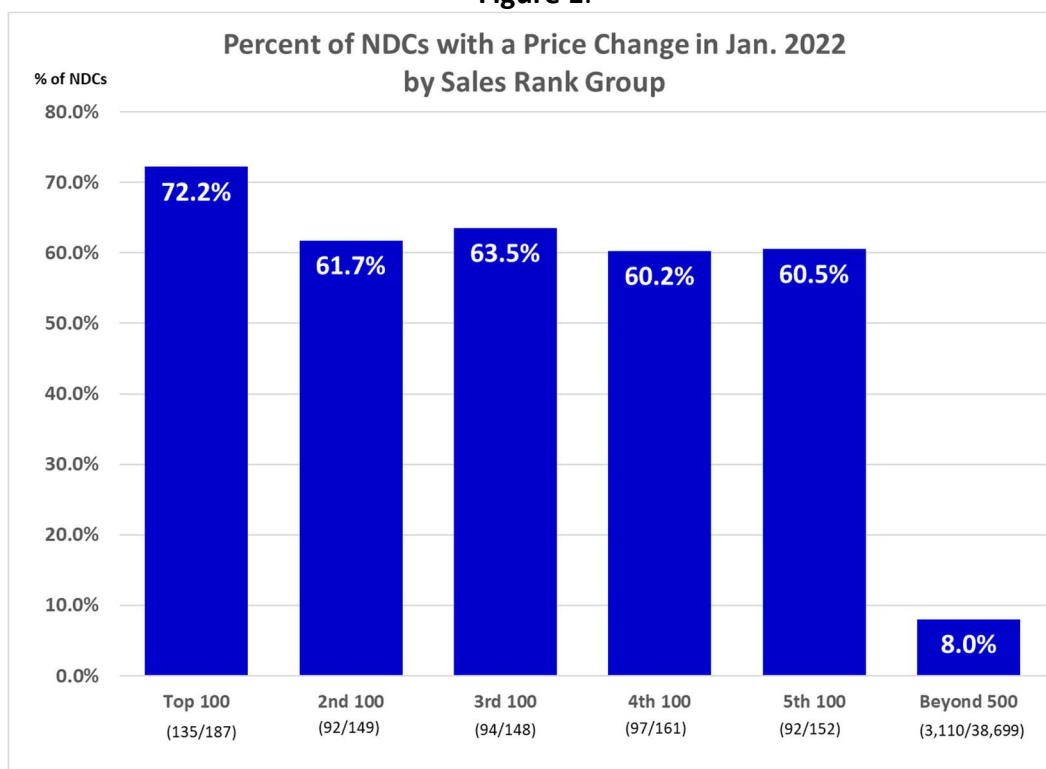
As of January 25, 2022, there were 39,496 active prescription drug products, at the national drug code (NDC) level, on the market in the United States.¹ Overall, about one in ten (9.8%, 3,866 of 39,496 NDCs) active prescription drug products had a price change in the first 25 days of January 2022. The vast majority (93.6%, 3,620 of 3,866) of these price changes were increases. Among all active drug products (at the NDC level), 9.2% (or 3,620 NDCs) had an *increase* in price during the first 25 days of 2022. The Top 500 drug products account for nearly 90% of all drug expenditures in the U.S.² For the Top 100 drug products³, however, more than seven in ten (72.2%) of the NDCs had a price increase in the first 25 days of 2022 (Figure 1.).

¹ The NDCs and reported average wholesale prices (AWP) were found on January 25, 2022 in PriceChek PC Pro which is a product of (Medi-Span®--a line of drug and clinical solutions offered by Wolters Kluwer, Indianapolis, IN). The count of all active prescription drug products included 29 insulin products that are available over-the-counter. There were 17,424 NDCs excluded from this analysis including re-packaged drug products, compounding supplies and related products, devices (i.e., syringes, needles, catheters, and other devices), and non-drug supplies.

² The Top 500 drug products used in the Medicare Part D program accounted for 89.6% of all Part D expenditures in 2018, 82.4% of all prescription claims, and 74.8% of all Medicare beneficiaries in the Medicare Part D program based on data reported as Medicare Part D Drug Spending and Utilization, Calendar Years 2014 – 2018.

³ The Top 100 drugs are ranked by dollar sales based on an independent audit of the U.S. sales volume of each drug product and is reported by Wolters Kluwer, Inc., Indianapolis, IN. Data was recorded for each drug product regardless of the strength or package size, so that the Top 100 drug products ranked by dollar sales may actually include substantially more than 100 individual NDCs. [Medi-Span Price Rx® Editorial Policies, Copyright © 2021 UpToDate, Inc., Top 500 Rankings, pp. 4-31 & 4-32, Published: 10/2005, Revised: 10/2021.]

Figure 1.

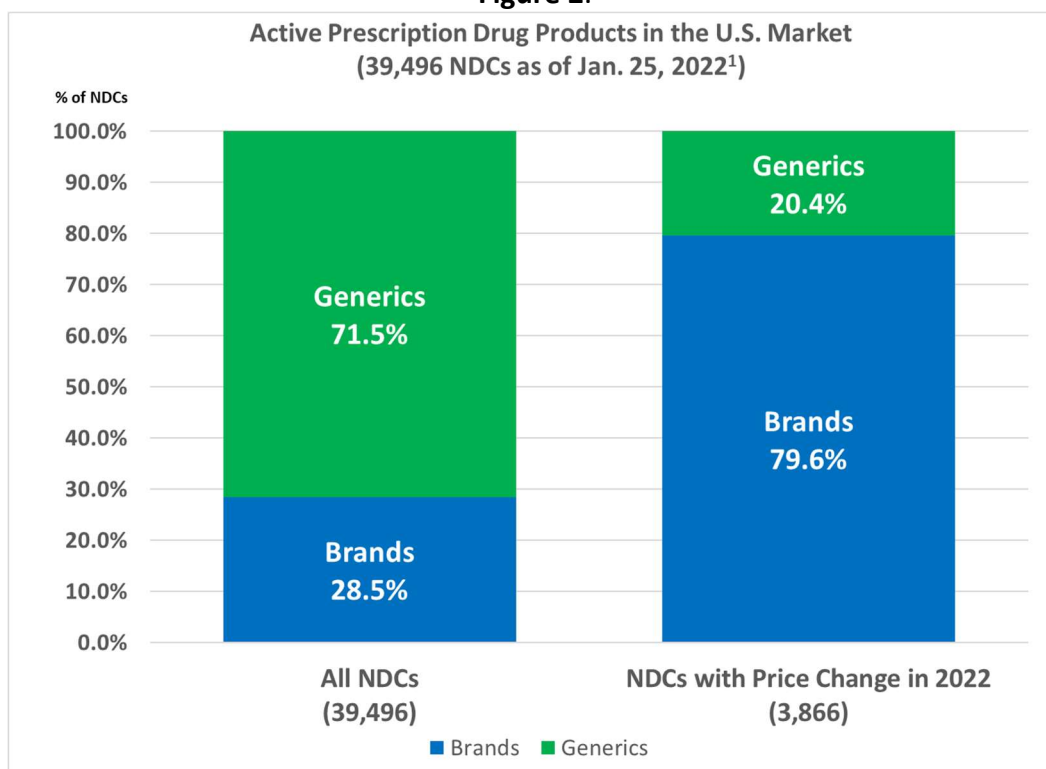


For the second 100 drug products, 61.7% had a price increase on or before Jan. 25, 2022. Similarly, the 3rd, 4th, and 5th 100 drug products also had price increases for more than 60% of their respective NDCs. In contrast, among all of the prescription drugs beyond the Top 500 (38,699 NDCs) only 8.0% (3,110/38,699) had a price increase on, or before, Jan. 25 in 2022. This contrast in percentage of NDCs with a price increase among the Top 500 selling drug products compared to all other less frequently sold prescription drugs is dramatic. Clearly, the Top 500 selling drug products were far more likely than other NDCs to have a price increase in January of 2022.

Many Brand Name Drugs Increased Price in January 2022

Among all active drug products (at the NDC level), just over one-fourth (28.5%, 11,256 of 39,496 NDCs) are brand name drug products, and less than three-fourths (71.5%, 28,420 of 39,496 NDCs) are generic drug products (Figure 2). Even though just over one in four (28.5%) NDCs are brand name drug products, nearly four out of five (79.6%) drug products with a price change in January 2022 were brand name drugs. Brand name drug products represented a substantially disproportionate share of these price changes (79.6%, 3,076 of 3,866 NDCs), despite the fact that they accounted for only 28.5% of active NDCs (Figure 2). In contrast, generic drugs were 71.5% of active NDCs and only 20.4% (790 of 3,866 NDCs) of the drug products with a price change in 2022. Brand name drug products were far more likely to have a price change in January of 2022, than were generics.

Figure 2.



Multiple Price Changes in a Year

While many brand name drug products change their price only once a year, some products change their prices 2 or more times a year. During calendar year 2021, at least 424 drug products had 2 or more price changes during the year and three-fourths (74.5%, 316/424) of those were brand name drug products.⁴ Thirty-six drug products had 3 or more price changes in 2021, and 23 drug products had 4 or more price changes during 2021. Therefore, even though brand name drug products during January of 2022 have averaged an increase of 5.1%, some of these drug products are likely to take additional price increases during the next eleven months of 2022. Thus, the average annualized price increase for brand name drugs by the end of 2022 is expected to substantially exceed the 5.1% increase already seen.

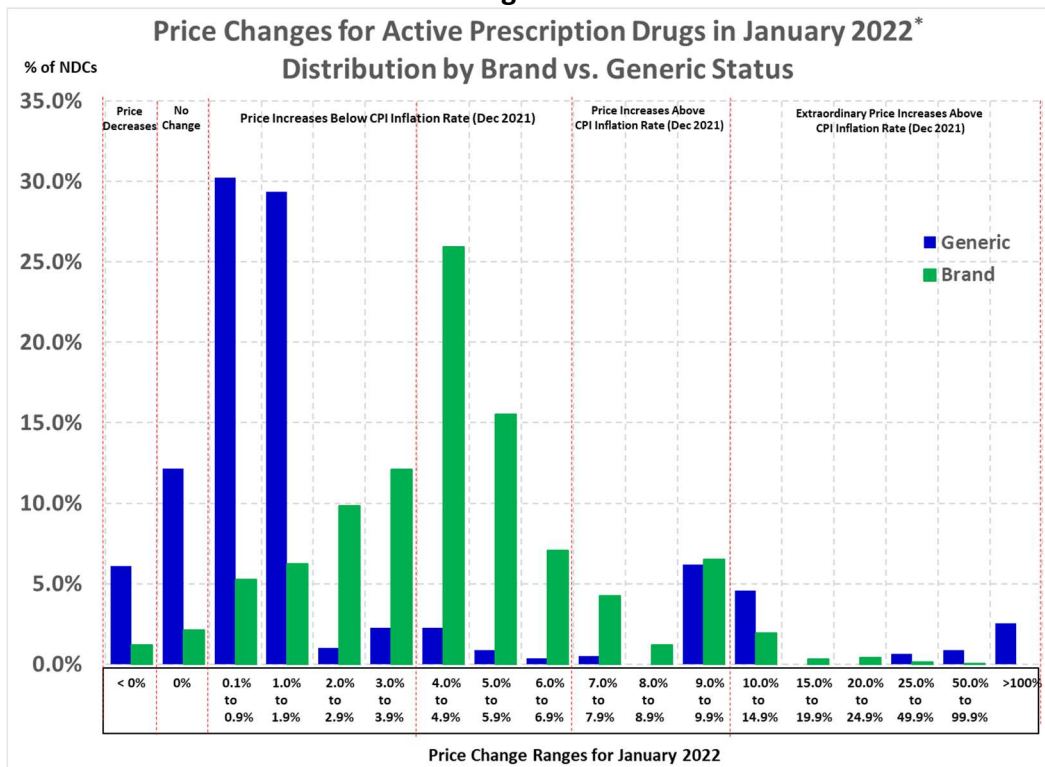
Distribution of Price Changes for Brands & Generics Differ Considerably

Nearly all (96.7%) of the brand name drug products (NDCs) that had a price change in the first 25 days of January 2022 had a price increase (Figure 3). Brand name drug products had a mean increase of 5.1% (with a median increase of 5.0%) in January of 2022 and a bimodal distribution (i.e., the green bars in Figure 3). The major peak for brand name price increases was in the range

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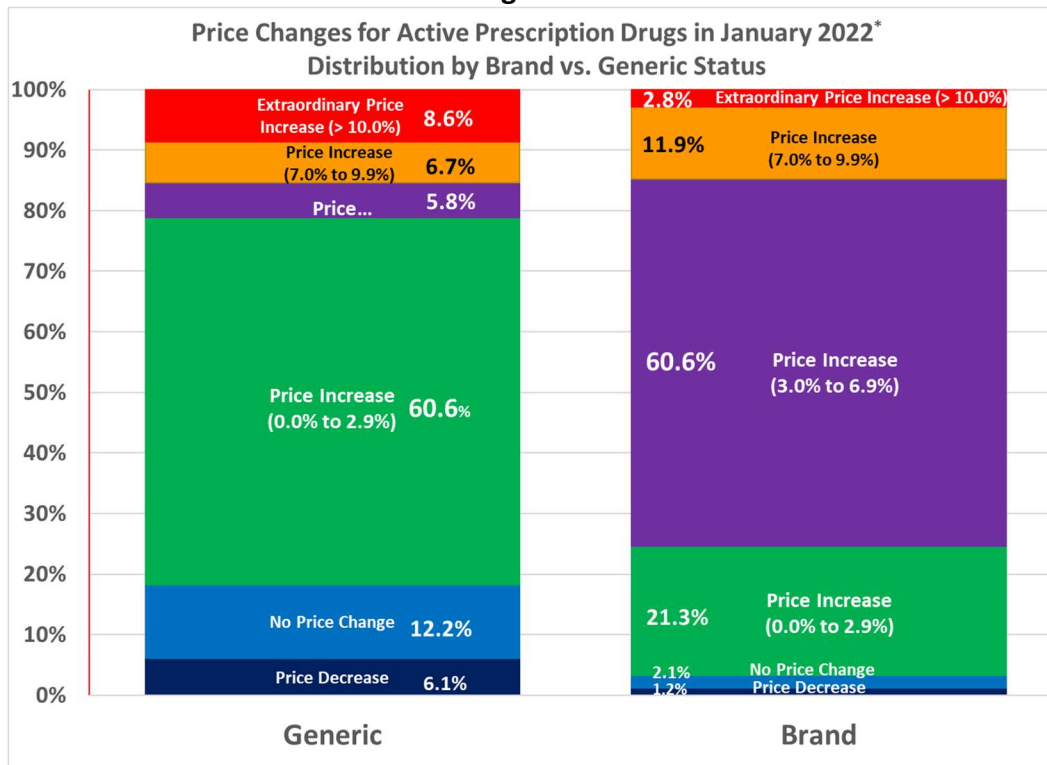
of 4.0% to 4.9%. A secondary peak for brand name price increases was present due to price jumps of 9.0% to 9.9% with most of the price increases in this category clustered at the 9.9% level. More than one-half (60.6%) of the brand names drug products had a price increase in the range of 3.0% to 6.9% (Figure 4). There were 118 (2.8% of brand NDCs) brand name NDCs with a price increase of 10.0% or greater with the highest increase at 61.8%. These price increases of 10.0% or more were designated as ‘extraordinary’ price increases.

Figure 3.



Only 6.1% of the generic drug products (NDCs) that had a price change in January of 2022 had a decrease in price. Generic drug products had a median increase of 1.0% and a mean increase of 80.8% (due to a number of extreme outliers) in January of 2022. There was a price increase for 81.8% of generic NDCs with most (30.3% of generic NDCs) price increases in the range of 0.1% to 0.9%, followed closely (29.4%) by price increases ranging from 1.0% to 1.9% (i.e., the blue bars in Figure 3). The distribution of price changes for generic drug products had two additional peaks with the second peak found for price increases ranging from 9.0% to 9.9%, mostly clustered at the 9.9% increase level. The third peak of generic price increases was for NDCs with more than 100% increase in price during January of 2022. More than one-half (60.6%) of the generic drug products had a price increase in the range of 0.0% to 2.9% (Figure 4). There were 80 (8.6% of generic NDCs with an increase) generic NDCs with a price increase of 10.0% or greater that were designated as ‘extraordinary’ price increases. Twenty-four of these generic price increases in January of 2022 were greater than 100% and one-half of those (12 NDC price increases) were greater than 1,000%.

Figure 4.



Pfizer Had the Most Extraordinary Price Increases in January 2022

Drug product price increases of 10.0% or more are designated as ‘extraordinary’ price increases. In the first 25 days of January 2022, 198 NDCs had an extraordinary price increase. These NDCs account for 5.5% (198 of 3,630) of the NDCs with a price change and 0.50% (198 of 39,496) of all active NDCs. Brand name drug products accounted for 118 (60%) and generics for 80 (40%) of these extraordinary price increases (Table 1). Interestingly, more than three-fourths (77.8%) of the extraordinary drug price increases in January of 2022 were for NDCs marketed by US-based drug firms. About one-fourth (22.2%) of the extraordinary drug price increases were for NDCs marketed by foreign-based drug firms. Twenty-five drug firms had one or more extraordinary price increases and 17 of those firms had brand products while 11 had generics. Eleven drug firms had only 1 or 2 extraordinary price increases (Table 1), while 14 drug firms had 3 or more extraordinary price increases. Pfizer and its subsidiary (Hospira) had 116 extraordinary price increases that accounted for more than one-half (58.6%) of all NDCs with an extraordinary price increases in January of 2022 (See Appendix A). The drug firm, Celltrion, had 12 price increases greater than 10% and was the drug firm with the second largest number of extraordinary price increases. Alcon (combining sister companies of Alcon Surgical & Alcon Visual) had 9 NDCs with extraordinary price increases in January of 2022.

Summary of Drug Price Increases in January of 2022

Most Top selling drug products had a price increase in the first 25 days of January 2022 with 72.2% of the Top 100 and 64.0% of the Top 500 products showing an increase. The average increase was 5.1% compared to the last previous price. However, if a previous price was set less than 12 months prior to January 2022, then the annualized price increase would actually be higher than 5.1%. Only 8.0% of the more than 38,000 NDCs beyond the Top 500 drug products had a price change or increase. Why do we see such a dramatic difference in the price increases for top selling drugs versus less frequently used drugs? Each drug company selling one of the Top 500 drug products that also took a price increase in January of 2022 should be held accountable to provide an explanation. One plausible view of this pattern can be explained by the rationale that a bank robber gives when asked: “Why do you rob banks?” Response: “Because that’s where the money is.” The Top 500 drug products are where the money is in the pharmaceutical market. For example, The Top 500 products accounted for about 90% of total drug spending, 82% of prescription claims, and 75% of beneficiaries in the Medicare Part D program in 2018.⁵

Contrary to popular belief, generic drug prices do not always go down over time. While they sometimes do decrease, in January of 2022 more than 80% of the generic NDCs with a price change had a price increase. Most of these price increases were quite modest ranging from 0.1% to 1.9%. However, there was a small but substantial (8.6%) number of generic drug products that had extraordinary drug price increases of 10% or more in January of 2022. A few (2.8% of brand NDCs with a price change) brand name drug products also experienced extraordinary drug price increases in the first 25 days of 2022. In total, there were 198 NDCs that had extraordinary drug price increases (e.g., greater than 10%, greater than 100%, or even greater than 1,000%) in January 2022.

Nearly 6 out of 10 of these extraordinary drug price increases were for NDCs from one drug firm, Pfizer and its subsidiary Hospira. Many of the Pfizer products with these extraordinary drug price increases were important drugs needed to treat critical care patients such as dopamine, atropine, heparin, immune globulin, calcium chloride, sodium bicarbonate, dextrose in water, furosemide, various forms of penicillin, and other critical drugs. Other drug firms (e.g., Celltrion) took extraordinary drug price increases for common chronic drugs such as pioglitazone for diabetes. The impact of these dramatic drug price increases needs to be assessed compared to the drug’s affordability based on the resources available to a given patient who needs the drug. Furthermore, the cost impact of these price increases needs to be assessed for government programs such as Medicare, Medicaid, the Veterans Administration, the Department of Defense, the Federal Employees Health Benefit Program, and others programs that cover these drugs for a large share of Americans.

⁵ See footnote 2.

Appendix A.
Extraordinary Drug Price Increases* in Jan 2022
by Drug Company

Product Labeler	Parent Firm Country	# of NDCs			% of NDCs			Minimum	Maximum
		Total	Brand	Generic	Total	Brand	Generic	Price Change ≥10%	Price Change ≥10%
1 Hospira ¹	USA	71	28	43	35.9%	23.7%	53.8%	10.0%	25.0%
2 Pfizer U.S. ¹	USA	45	43	2	22.7%	36.4%	2.5%	10.0%	10.4%
3 Celltrion USA	South Korea	12		12	6.1%	0.0%	15.0%	1291.0%	5106.9%
4 Alcon Surgical ²	Switzerland	8	8		4.0%	6.8%	0.0%	10.0%	10.0%
5 Collegium Pharmaceuticals	USA	8	8		4.0%	6.8%	0.0%	15.0%	15.0%
6 Lantheus Medical Imaging	USA	6	6		3.0%	5.1%	0.0%	12.4%	14.5%
7 Teva Pharmaceuticals USA ³	Israel	5	3	2	2.5%	2.5%	2.5%	10.0%	32.2%
8 Oryza Pharmaceuticals	USA	5		5	2.5%	0.0%	6.3%	360.0%	612.4%
9 Blue Point Laboratories	Ireland	5		5	2.5%	0.0%	6.3%	81.3%	319.1%
10 Chartwell Rx	USA	5		5	2.5%	0.0%	6.3%	100.0%	100.0%
11 Recordati Rare Diseases	UK	4	4		2.0%	3.4%	0.0%	20.0%	20.0%
12 Forte Bio-Pharma	USA	4	4		2.0%	3.4%	0.0%	22.6%	22.6%
13 Azurity Pharmaceuticals	USA	3	3		1.5%	2.5%	0.0%	18.8%	25.0%
14 Actavis Pharma ³	Ireland	2		2	1.0%	0.0%	2.5%	39.5%	39.5%
15 Snap Medical Industries	USA	2	2		1.0%	1.7%	0.0%	10.0%	29.2%
16 Cardinal Health 418	USA	2	2		1.0%	1.7%	0.0%	26.9%	26.9%
17 Grifols USA	Spain	2	2		1.0%	1.7%	0.0%	12.4%	12.4%
18 Quinn Pharmaceuticals	USA	2		2	1.0%	0.0%	2.5%	13.2%	32.4%
19 Alcon Vision ²	Switzerland	1		1	0.5%	0.0%	1.3%	10.0%	10.0%
20 Lucira Health	USA	1	1		0.5%	0.8%	0.0%	61.8%	61.8%
21 Exeltis USA	Argentina	1	1		0.5%	0.8%	0.0%	15.8%	15.8%
22 Leadient Biosciences	Italy	1	1		0.5%	0.8%	0.0%	15.0%	15.0%
23 Taiho Pharmaceutical	Japan	1	1		0.5%	0.8%	0.0%	13.6%	13.6%
24 Novartis	Switzerland	1	1		0.5%	0.8%	0.0%	11.1%	11.1%
25 Wockhardt USA	India	1		1	0.5%	0.0%	1.3%	10.6%	10.6%
Summary									
NDCs with Price Increase >10%		198	118	80	100.0%	100.0%	100.0%	10.0%	5106.9%
# of Firms with Price Increase >10%		25	17	11					
Country of Origin for NDC									
US-Based Firms		154	97	57	77.8%	82.2%	71.3%	10.0%	612.4%
Foreign-Based Firms		44	21	23	22.2%	17.8%	28.8%	10.0%	5106.9%
All Drug Firms		12	12	0	6.1%	10.2%	0.0%	10.0%	5106.9%
Corporate Families									
¹ Pfizer US & Hospira		116	71	45	58.6%	60.2%	56.3%	10.0%	25.0%
² Alcon Surgical & Alcon Vision		9	8	1	4.5%	6.8%	1.3%	10.0%	10.0%
³ Teva & Actavis		7	3	4	3.5%	2.5%	5.0%	10.0%	39.5%

* "Extraordinary price increases" are drug product price increases of 10% or more.