

Report: Drugmakers Increasing Prices on More Than 500 Drugs in January

Data analyzed by health care research firm 3 Axis Advisors revealed that several pharmaceutical companies plan to raise prices on over 500 drugs in January. This will include price increases for 140 brands of drugs. Pfizer, Sanofi and Takeda Pharmaceuticals are among the companies raising prices in the new year.

“January is the hotbed of prescription drug pricing changes.”

- Antonio Ciaccia, president of 3 Axis Advisors

Drugmakers list high inflation and supply chain concerns across the Middle East as factors that impacted the increase in drug prices. However, drug pricing strategy is often nontransparent. For this reason, there has been increased scrutiny and regulation of pharmaceutical drug prices in recent years with legislation such as the 2022 Inflation Reduction Act (IRA).

These price increases come as the Biden administration makes efforts to lower drug costs. For example, the administration has recently announced the first 10 prescription drugs subject to Medicare price negotiations under the IRA. The discounted rates resulting from these negotiations are scheduled to take effect in 2026. Over the next four years, Medicare plans to negotiate prices for up to 60 Medicare Part D and Part B drugs—and up to an additional 20 drugs every year after that.

January is historically when most drugmakers raise prices. Therefore, more drug prices will likely be announced throughout the month. Despite the trend of increasing drug prices, drugmakers increased prices on 1,425 drugs in 2023, down from 1,460 in 2022. Additionally, three companies, including GlaxoSmithKline and Eli Lilly, are expected to lower drug prices on at least 15 drugs in January. Many pharmaceutical companies have also announced price decreases for insulin to avoid penalties under the 2021 American Rescue Plan Act. Pharmaceutical companies have limited price increases to 10% or less since the mid-2010s due to public criticism. According to drug pricing nonprofit 45brooklyn, the median increase in drug prices has averaged 5% since 2019. While drugmakers have cut back on price increases for established drugs, prices for newly launched drugs have reached record levels.

Employer Takeaways

Rising health care costs will continue to challenge employers and employees in 2024. Employers can improve employee morale, productivity and retention by adopting proactive measures to address workers' concerns about rising health care costs and educating them on how to become wise health care consumers.

Contact us today for more information.