

# Rise in drug costs to hospitals, clinics slowing in 2013

February 18 2013

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Even though costs for medications will continue to rise in 2013 by as much as 4 percent, the increase is projected to be less than in previous years, according to a report in the advance online publication of the *American Journal of Health-System Pharmacy*, the journal of the American Society of Health-System Pharmacists (ASHP).

The report, "Projecting Future Drug Expenditures in U.S. Non-Federal Hospitals and Clinics—2013," looked at drug expenditure trends in 2011 and 2012, projects drug expenditures for 2013 and examines factors likely to influence drug expenditures. Based on a variety of data, including new drug approvals and patent expirations, the authors project a 1–3 percent increase in drug expenditures across all settings, a 2–4 percent increase in expenditures for clinic-administered drugs, and a 1.5 percent increase in hospital drug expenditures for 2013.

"In the aggregate, drug expenditure growth is moderating, especially in the hospital setting," according to the report's principal author, James M. Hoffman, Pharm.D., who is the medication outcomes and safety officer and an associate member in the [Pharmaceutical Sciences](#) Department at St. Jude Children's Research Hospital. "But when we focus on specific drugs, such as drugs frequently used in clinics, we also see dramatic increases in expenditures. Cancer therapies in particular stand out as costly drugs for hospitals and clinics, and the paper summarizes the high costs for new oncology agents that came on the market in 2012 and the top 20 antineoplastic drug expenditures in clinics in 2011 and 2012."

The overall rise in [drug costs](#) is less than in previous years, according to the authors. The increasing availability of less-expensive generic product is a primary factor reducing drug expenditures.

From September 2011 to September 2012, prescription sales in the U.S. totaled \$326 billion, a 0.8 percent increase from the previous 12 months. The growth rate was the lowest in recent history. The authors attribute this slowing to modest increases in expenditures for new products (3.3 percent) and pricing of existing products (5.9 percent), coupled with a marked decline in overall volume and mix (less than 8.4 percent).

Retail pharmacies, mail-order pharmacies and clinics accounted for the majority of prescription expenditures. Oncology medications and biologics continue to be large and important expenditures for hospitals and clinics. Antineoplastic agents were the top medication expenditures in nonfederal hospitals in 2012, accounting for 15.1 percent of all hospital drug expenditures in 2012, while oncology products accounted for 32.2 percent of drug expenditures in clinics during the first nine months of 2012.

Hoffman noted the significant number of expensive cancer therapies that have been approved in recent years. "We have reached a new threshold where a course of treatment for some new cancer therapies can cost more than \$100,000, which illustrates the growing challenge oncology drug costs present to hospitals and clinics," he said.

Hoffman added that several other developments will influence prescription drug expenditures in coming years, including the Food and Drug Administration's implementation of an approval process for biosimilars and other actions that facilitate the introduction of generic drugs into the medication pipeline. Although unresolved issues remain, the introduction of biosimilars will present a new cost savings opportunity for the health system, but biosimilars are not expected to

influence drug costs in 2013.

ASHP has published this report since 1992, with Hoffman leading the team producing it since 2004. Data for the analysis were obtained from the IMS Health National Sales Perspectives (NSP) database. The NSP sample is derived from more than 1.5 billion annual transactions from more than 100 pharmaceutical manufacturers and more than 700 distribution centers.

Provided by St. Jude Children's Research Hospital

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