

Drug sales to hit lowest growth rate in decades

November 19 2013, by Matthew Perrone

Growth in global prescription drug spending will slow to the lowest rate in decades as low-cost generic drugs continue replacing former blockbusters in the U.S. and Europe, where governments face new pressure to reduce health care spending, according to a new forecast.

The projection from data firm IMS Health shows the global prescription drug market growing by 3 to 6 percent over the next four years to \$1.2 trillion by 2017. That compares to a growth rate of 5.4 percent in the last four-year period.

In the U.S., the prescription drug market will actually shrink 1.2 percent in 2013, continuing a multiyear trend that has seen patents expire on many iconic blockbuster drugs, including the anticlotting drug Plavix last year, which was once the world's second best-selling drug. Growth is expected to slowly resume in 2014 and beyond with the expansion of [health care coverage](#) under the Obama administration's [health care](#) overhaul.

IMS' Institute for Healthcare Informatics calls for drug sales growth in the U.S. between 1 and 4 percent through 2017.

The report paints several scenarios for the U.S. market based on how the plan is implemented. If the plan achieves President Barack Obama's goal of enrolling roughly 30 million uninsured Americans, total U.S. spending on [prescription drugs](#) could rise to between \$420 billion and \$460 billion by 2017. If the plan fails to enroll Americans in significant numbers it

could contribute to a decline in demand for medication, and drug spending would be just \$300 billion to \$320 billion by 2017.

Growth in Europe through 2017 will be flat to up 3 percent as governments there implement new austerity measures designed to restrain spending on brand-name drugs.

During the same period the pharmaceutical industry will see double-digit sales growth in [emerging markets](#) like China, where IMS expects medicine spending to grow 34 percent through 2017.

Sales in these emerging markets will mostly consist of low-cost generics which will grow to become more than 36 percent of global sales by 2017. Currently generics make up about 27 percent of the global market.

The report notes that drugmakers continue to develop a steady stream of new products, though research has shifted from blockbuster treatments for common diseases to niche drugs for rare diseases and small patient populations. Spending on these specialty medications is expected to rise 38 percent to between \$230 and \$240 billion by 2017.

Other trends highlighted in the report include:

The U.S. share of the world's prescription drug [spending](#) will fall from about 34 percent last year to 31 percent in 2017.

Spending by emerging markets, including China, will jump from 39 percent of the total last year to 48 percent in 2017.

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