

# Report: US prescription drug prices are 2.78 times those in other wealthy nations

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Prescription drug prices in the U.S. are significantly higher than in other nations, with prices in the U.S. averaging 2.78 times those seen in 33 other nations, according to a new [RAND report](#).

The gap between prices in the U.S. and other countries is even larger for brand-named drugs, with U.S. prices averaging 4.22 times those in comparison nations.

The RAND study found that prices for unbranded [generic drugs](#)—which account for 90% of prescription volume in the U.S.—are about 67% of the average cost in the comparison nations.

The new report updates findings from earlier RAND analysis about U.S. drug prices. That analysis compared 2018 manufacturer gross drug prices in the U.S. with other nations using a price index approach.

The new report uses updated information through 2022. It also includes additional analysis that focuses on price comparisons for biosimilars and changes in price comparison results over time.

"These findings provide further evidence that manufacturers' gross prices for [prescription drugs](#) are higher in the U.S. than in comparison countries," said Andrew Mulcahy, lead author of the study and a senior health economist at RAND, a nonprofit research organization. "We find that the gap is widening for name-brand drugs, while U.S. prices for generic drugs are now proportionally lower than our earlier analysis found."

The RAND analysis provides the most up-to-date estimates of how much higher drug prices are in the U.S. compared to other countries in the Organisation for Economic Co-operation and Development (OECD).

Researchers calculated price indexes under a wide range of methodological decisions. While some sensitivity analyses lowered the differences between U.S. prices compared to those in other nations, under all the scenarios, the examined overall prescription drug prices remained substantially higher in the U.S.

The analysis used manufacturer gross prices for drugs because net prices—the amounts ultimately retained by manufacturers after negotiated rebates and other discounts are applied—are not systematically available. Even after adjusting U.S. prices downward to account for these discounts, U.S. prices for brand name drugs remained more than three times higher than those in other countries.

RAND researchers compiled their estimates by examining industry standard IQVIA MIDAS data on drug sales and volume for 2022, comparing the U.S. to 33 OECD nations. The data include most prescription drugs sold in the U.S. and comparison countries.

Across all 33 comparison countries, U.S. drug prices ranged from 1.72 times the prices in Mexico to 10.28 times [prices](#) in Turkey.

Researchers estimated that across all of the OECD nations studied, total drug spending was \$989 billion in 2022. The U.S. accounted for 62% of sales, but just 24% of the volume.

Recent estimates are that prescription drug spending in the U.S. accounts for more than 10% of all health care spending. Retail prescription drug spending in the U.S. increased by 91% between 2000 and 2020, and that spending is expected to increase by 5% annually through 2030.

Other authors of the report are Daniel Schwam and Susan L. Lovejoy.

**More information:** Andrew W. Mulcahy et al, International Prescription Drug Price Comparisons: Estimates Using 2022 Data, (2024). [DOI: 10.7249/RRA788-3](https://doi.org/10.7249/RRA788-3)

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