

**TIME FOR
AFFORDABILITY**

FOCUS ON

PHARMACY COSTS

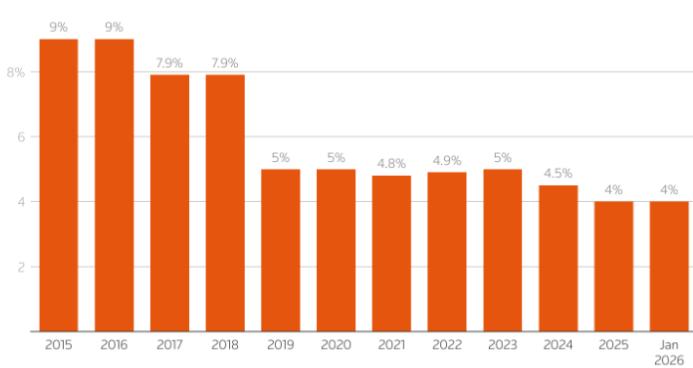
Big Pharma once again rings in the New Year with price hikes on hundreds of drugs

In what has become a January tradition, New Year's headlines announced that drugmakers plan to raise U.S. prices on at least 350 branded medications this month, according to data provided to *Reuters* by 3 Axis Advisors, a health care research firm that works with drug pricing non-profit 46brooklyn. The increases include vaccines against COVID, RSV and shingles, as well as the blockbuster oncology drugs. These increases follow the price hikes that drug manufacturers imposed on nearly 600 drugs last January and 775 brand name drugs in January of 2024. While the median price hike of 4% is approximately the same as in 2025, the increases outpace the U.S. Bureau of Labor Statistics' estimated current rate of inflation of 2.7%.

Higher prices but no new clinical benefit for patients.

There remains little to no new clinical evidence to support whether rising prices are justified. Since its inaugural 2019 report, the Institute for Clinical and Economic Review's (ICER) has estimated that unsupported price increases have added more than \$10.5 billion on 29 commonly used therapies to treat cancers and various chronic conditions, including arthritis, heart disease and HIV.¹ ICER's work has shown a consistent pattern of drug companies increasing prices on established medications without new evidence of improved benefits. While Big Pharma has long cited investment in research and development (R&D) in bringing new drugs to market as justification for price increases, a 2021 Congressional Budget Office report found *no relationship between R&D costs and the prices drug companies set.*²

Median U.S. price increases for branded drugs



Created by Thomson Reuters

Data from 46brooklyn, except for 2026 data from 3 Axis Advisors. 2025 data is through November.

Greater accountability of Big Pharma's increases is needed

Increased transparency is needed to protect consumers and employers from out-of-control drug costs. New York's 2020-2021 enacted budget created the Drug Accountability Board in the Department of Financial Services, giving the Superintendent the ability to investigate when the cost of a prescription drug increases over 50% in a calendar year. This threshold should be lowered, allowing the Board to identify up to 10 prescription drugs that the state spends significant health care dollars and the price has increased by 50% or more over the last five years or by 10% or more over the prior 12 months, and requiring drug companies to explain the justification for the price increases. Lowering the threshold would be an important step to hold drug companies accountable and determine whether the price increases drug manufacturers charge are justified.

¹ https://icer.org/wp-content/uploads/2024/12/UPI_2024_Report_121224.pdf

² <https://www.cbo.gov/publication/57126>