

THE HIGH COST OF PRESCRIPTION DRUGS AND THE IMPACT ON CHILDREN



BACKGROUND

Americans pay [nearly double](#), and sometimes triple, the cost for prescription drugs compared to other industrialized nations. Children are not immune to this issue — [nearly 20% of all U.S. children](#) take prescription medications.

At President Biden's 2022 State of the Union address, he talked about the outrageously high cost of prescription drugs in this country and invited as his guest a 13-year-old boy named Joshua Davis, who has Type 1 diabetes. In his address, [President Biden said](#):

"Insulin costs about \$10 a vial to make. But drug companies charge families like Joshua and his Dad up to 30 times more. I spoke with Joshua's mom. Imagine what it's like to look at your child who needs insulin and have no idea how you're going to pay for it. What it does to your dignity, your ability to look your child in the eye, to be the parent you expect to be. For Joshua, and for the 200,000 other young people with Type 1 diabetes, let's cap the cost of insulin at \$35 a month so everyone can afford it."

Life saving drugs, like insulin (used to treat diabetes) and the EpiPen (used to treat severe allergic reactions), are extremely expensive, even for many patients who have health insurance. While insurance coverage shields some consumers from high costs, EpiPens can cost hundreds of dollars, and insulin can cost thousands — even for the insured.

Children ages 0-to-4 are nearly [five times more likely](#) to experience anaphylaxis than their adult counterparts, according to one report, but the price increase on EpiPens has forced many parents to send their children to school without one. For years, just one, single pharmaceutical company produced the EpiPen, which allowed it to operate as an unchecked monopoly, steadily increasing the list price of the drug from [\\$100 to more than \\$600](#). Under these circumstances, many consumers — including those with high-deductible insurance plans — were forced to pay full price

Nearly 200,000 U.S. children have Type 1 diabetes and depend on insulin to survive. As President Biden said in his first State of the Union, insulin vials typically cost about \$10 to produce, but consumers can pay up to [30 times more](#). One survey found that nearly 25% of those with diabetes reported rationing their insulin due to high costs, which is extremely dangerous.

Unfortunately, millions of people remain uninsured in this country — including more than 4 million children. Many families, even those who have insurance, are faced with an impossible choice: Forgo life-saving medications for their child or pay the bills. This situation is especially common for families making less than [\\$40,000 a year](#).

WHY ARE THE COSTS FOR LIFE SAVING DRUGS SO HIGH?

Pharmaceutical price gouging is a large part of the answer. When pharmaceutical companies enjoy [market exclusivity](#), meaning they are the only company producing a drug, they are able to set prices as high as they want due to the lack of competition. Providing access to generic drugs after a company's exclusivity expires can help reduce the cost of many drugs, but access may be delayed. Fortunately, increasing competition in the pharmaceutical market has [bipartisan support in Congress](#), and could offer an effective policy for reigning in high drug prices.

HOW CAN WE LOWER DRUG PRICES FOR CONSUMERS?

A combination of increased insurance coverage, expanded access to certain drugs and government action could ensure consumers are no longer forced to forgo filling medically necessary prescriptions. Having insurance helps increase access to prescription drugs, especially for children. Children enrolled in the Children's Health Insurance Program (CHIP) and Medicaid are [mostly protected](#) from paying exorbitant prices for their drugs, and those with private insurance have some protection against significant price hikes by pharmaceutical companies. However, having insurance does not always protect against high out-of-pocket costs. And millions of children remain uninsured altogether. Getting more children covered by insurance — including expanding Medicaid in the [remaining 12 states](#) that haven't yet — would help address this.

Requirements, such as “prior authorization” also can [create barriers to drug access](#). Removing administrative barriers such as prior authorization will ensure even more children and their families can afford life saving prescriptions.

WHAT GOVERNMENT ACTION IS NEEDED?

[Government action is also necessary](#) to keep pharmaceutical companies in check, promote competition in the pharmaceutical market, and crack down on price gouging. Several lawmakers in both chambers of Congress (and on both sides of the aisle) [have introduced legislation](#) that would help curb the price of prescription drugs, especially insulin. Some of these bills have passed the House of Representatives, but none has made it to the President's desk to be signed into law.

Some regulatory steps could be taken without Congress. The Biden Administration [unveiled a prescription drug pricing reform plan](#) in September 2021 that proposes administrative actions — such as promoting the approval and usage of generics — to curb high drug prices, but some critics argue the plan [doesn't go far enough](#).

Price should never prevent a child from access to life-saving medications.

We urge Congress and the Biden Administration to reform our drug-pricing mechanism for all Americans.