

# **Sudden Price Spikes in Off-Patent Prescription Drugs: The Monopoly Business Model that Harms Patients, Taxpayers, and the U.S. Health Care System**

Special Committee on Aging, United States Senate  
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## **EXECUTIVE SUMMARY**

In May 2015, when Isla Weston was just two months old, doctors diagnosed her with a life-threatening parasitic infection known as toxoplasmosis. Immediate treatment was needed to cure this infection; otherwise, the parasite would attack vital cells in the little girl's brain, potentially leaving her with lifelong deficits in cognition and function—or even causing her death. Isla was prescribed Daraprim, the standard of care, which would cure the active infection in a year. **To the shock and dismay of the infant's family, and other Americans who relied on this vital medicine, the price of the 63-year-old drug that this child desperately needed had just spiked from \$13.50 a tablet to \$750 a tablet, an increase of more than 5,000 percent, in just one day.**

Isla's story is not unique. This family's struggle sadly represents the struggle of thousands of Americans in the face of soaring prescription drug costs. **Nearly 60 percent of Americans, including roughly 90 percent of seniors, take prescription drugs to treat conditions ranging from cancer and diabetes to high blood pressure and depression.** Staggering increases in the price of some prescription drugs threaten not only the economic stability of American households, but also the health of individuals who discover that drugs they need are unaffordable and difficult to access.

**This year alone, Americans are expected to spend more than \$328 billion on prescription drugs. Of this amount, individuals will pay about \$50 billion out of pocket. The federal government will pick up another \$126 billion in payments through Medicare, Medicaid, the Department of Veterans Affairs, and other programs.** These price increases affect all Americans, whether they take prescription drugs or not, as taxpayers shoulder a substantial portion of the cost of federal health care programs.