



[RunawayRx](#), a project of the California Association of Health Plans, highlights noteworthy articles and information on the acceleration of prescription drug pricing.

President and CEO of the Kaiser Family Foundation Drew Altman busts a long-standing myth that prescription drugs represent a much lower share of overall health spending than they actually do. The truth is that prescription drug costs are nearly double what the industry would have you believe, and they are escalating at unsustainable rates. We cannot address runaway drug prices without accurate information, and today's column sheds light on the real costs that go into our health care dollar.

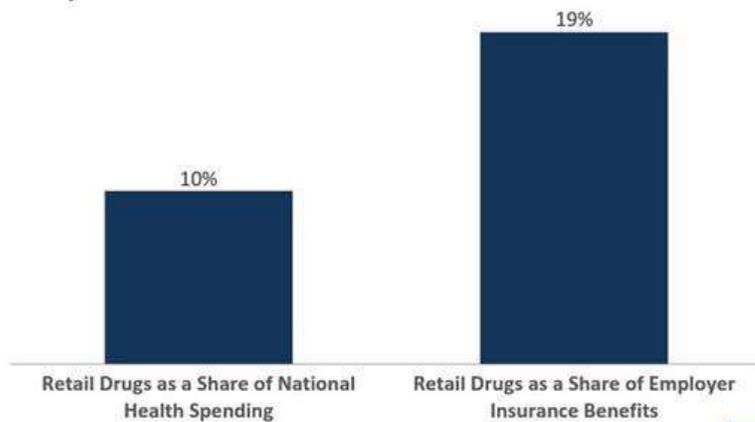
Prescription Drugs' Sizable Share of Health Spending

December 13, 2015 | By Drew Altman

THE WALL STREET JOURNAL.

“The cost of prescription drugs is the hot health-care issue, but almost every discussion about it includes this caveat: As big a problem as rising drug prices have been for consumers and payers, drug spending represents only 10% of national spending on health. **Yet, as the chart above shows, drug spending represents almost double that share of health spending (19%) in employer health insurance plans.** That is not too much less than the 23% employers spend on inpatient hospital care...

Drugs Count for a Bigger Share of Health Spending Than Many Think



Source: Kaiser Family Foundation analysis of data from Centers for Medicare & Medicaid Services and Truven Health Analytics.



“Even that 19% figure is understated. It includes prescriptions that patients fill at pharmacies but not many of the expensive drugs administered in physicians’ offices or hospitals. **In Medicare, for example, retail prescription drugs represent 13% of overall spending while drugs administered mainly by physicians add an additional 6%.**”

“[D]rug spending may be an even larger problem than many thought. It clearly is for employers, who foot a large share of the nation’s health-care bills.”

“High drug prices have been in the news because of costly drugs to treat Hepatitis C, among other illnesses, and because elected officials and political candidates have been talking about drug costs.”

Read more: <http://blogs.wsj.com/washwire/2015/12/13/prescription-drugs-sizable-share-of-health-spending/>

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The California Association of Health Plans’ RunawayRx project sheds light on the acceleration of prescription drug pricing and how it impacts health care affordability, encouraging a route toward sustainable pricing. For more information, please visit www.RunawayRx.org or follow us on Twitter at [@Runaway_Rx](https://twitter.com/Runaway_Rx).