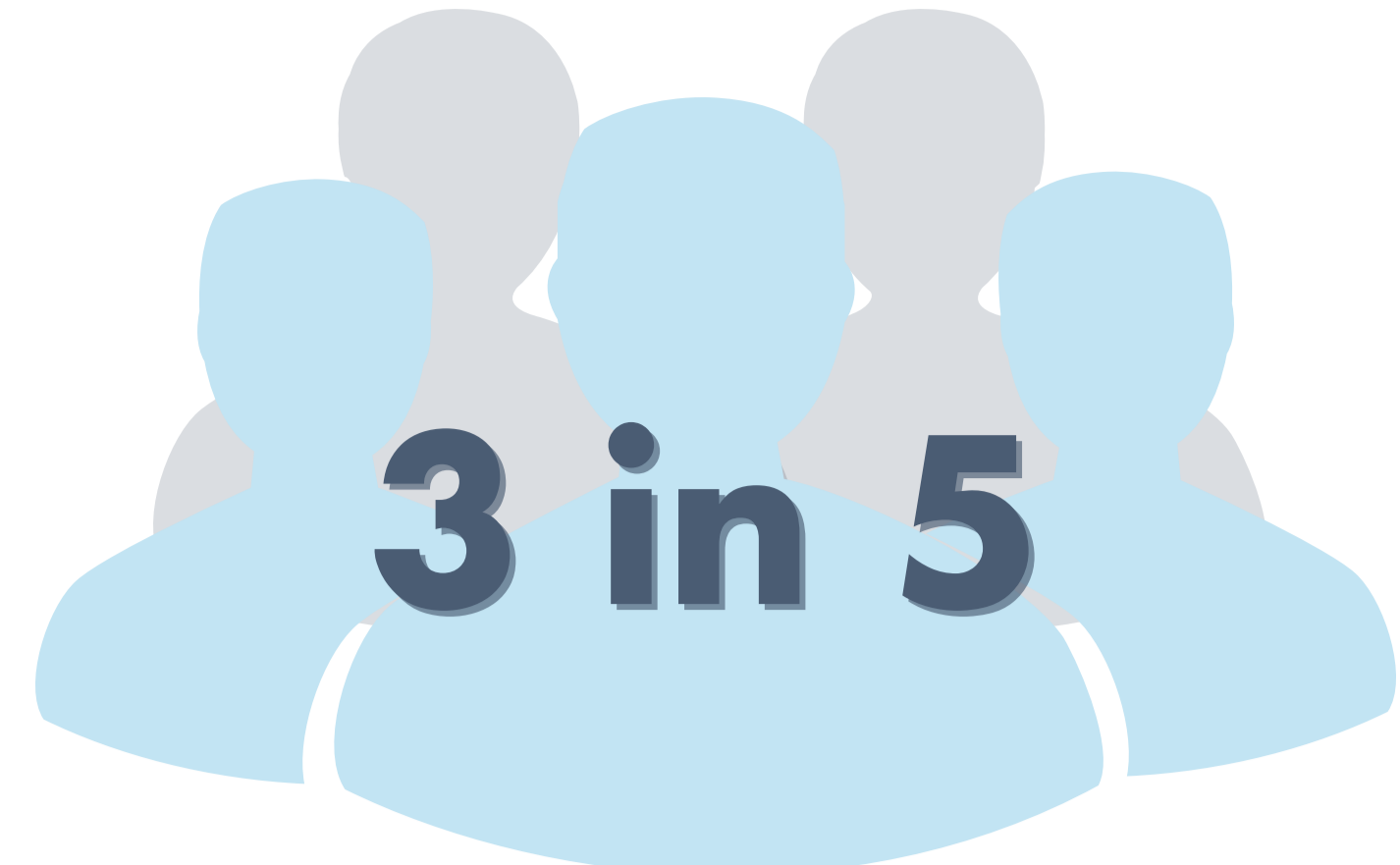


# The Drug Cost Iceberg: More Than Meets the Eye

**Access to affordable prescription drugs is a topic of increasing public concern**



**3 in 5**

American adults take at least 1 prescription drug

AND



**48 million**

Americans take 5 or more prescription drugs

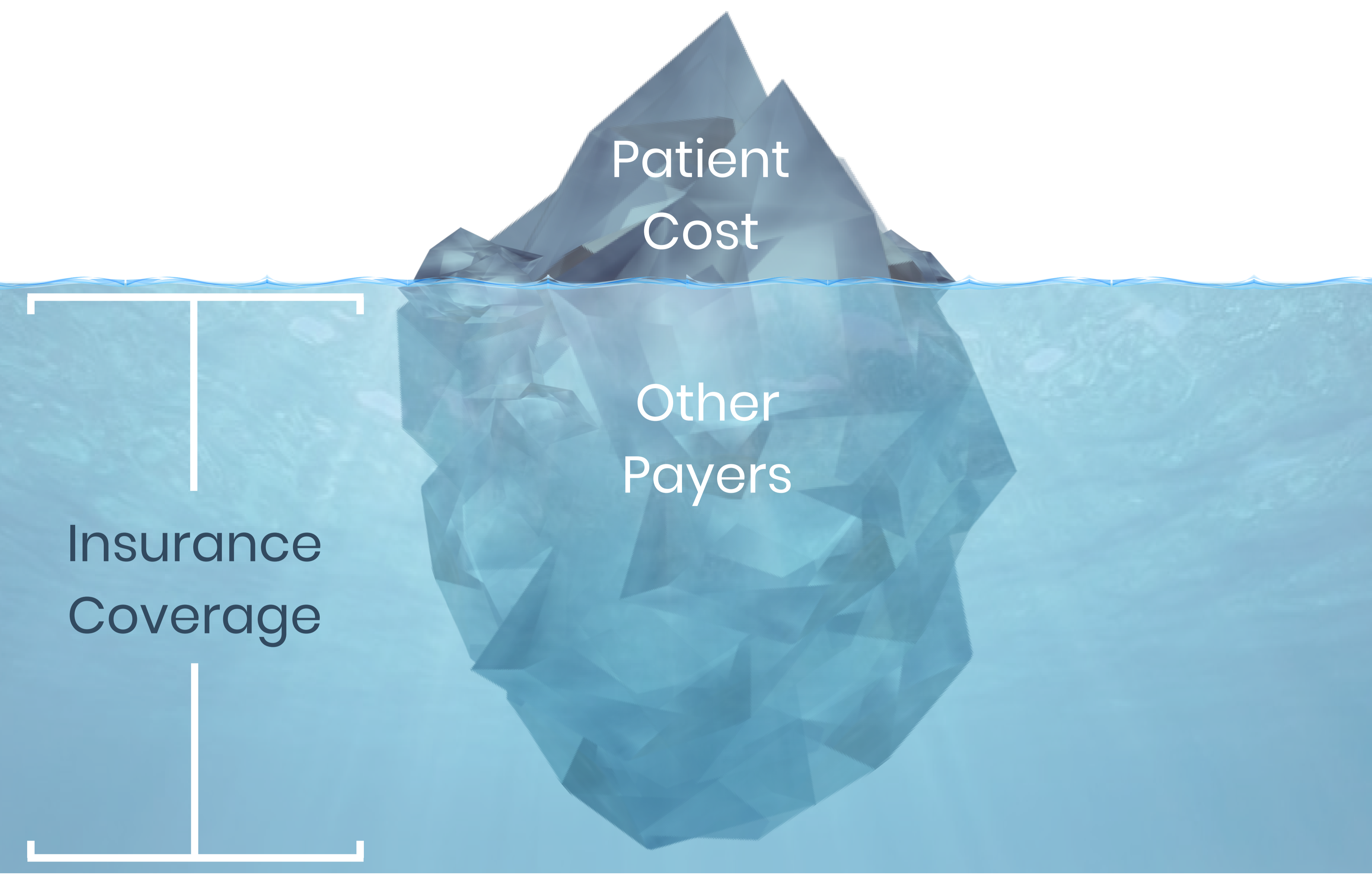
**82%** of respondents in a recent survey identified medical costs as their biggest financial challenge

**As stakeholders attempt to tackle this issue, it is important to consider that drug costs are paid in two portions**

- 1** Cost paid by the patient
  - Copayments
  - Coinsurance
  - Deductibles
- 2** Other payers
  - Insurance Companies
  - Employers
  - Government

## The Drug Cost Iceberg

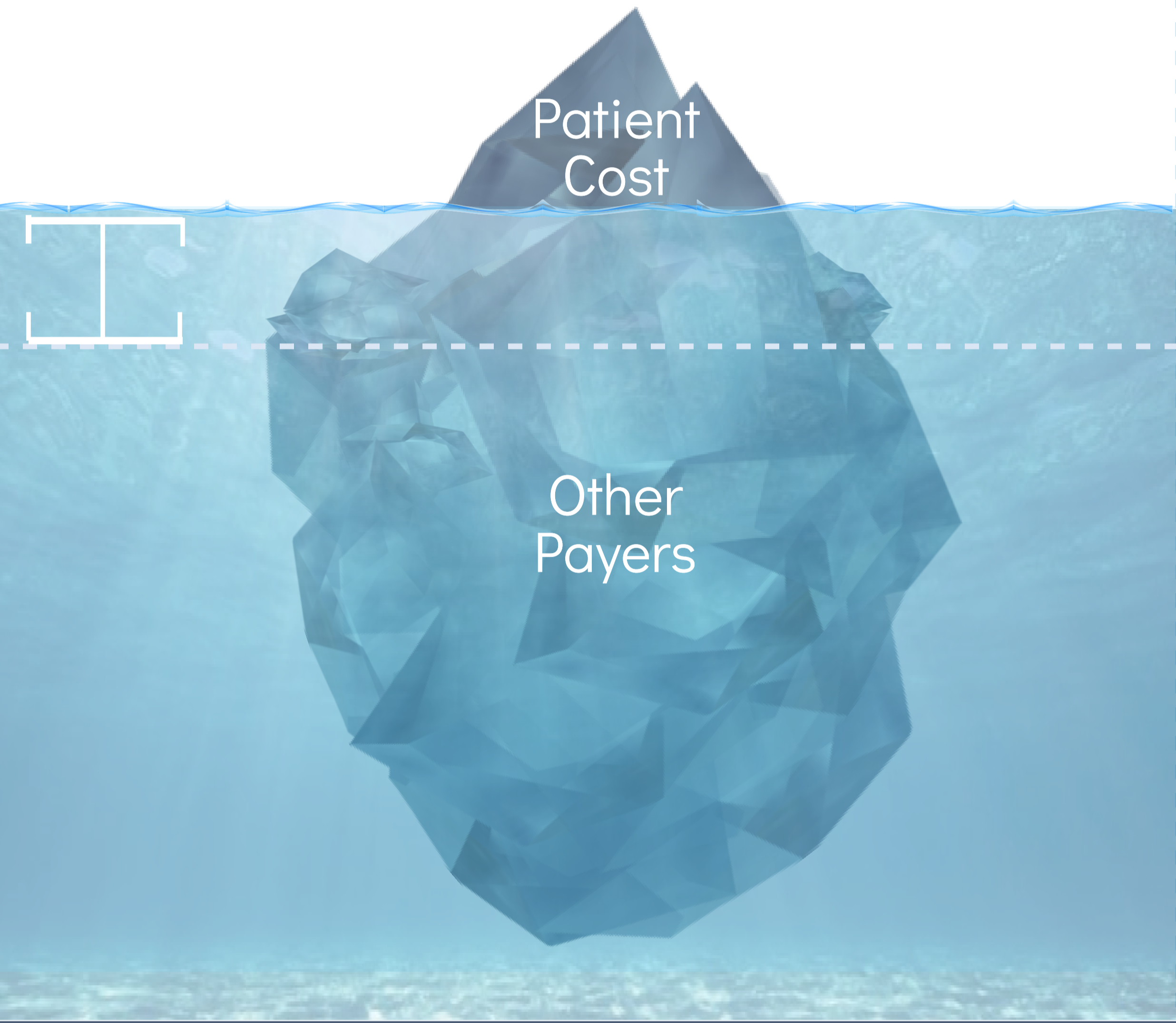
illustrates the two components of drug pricing



### Two approaches to lower patient out-of-pocket spending

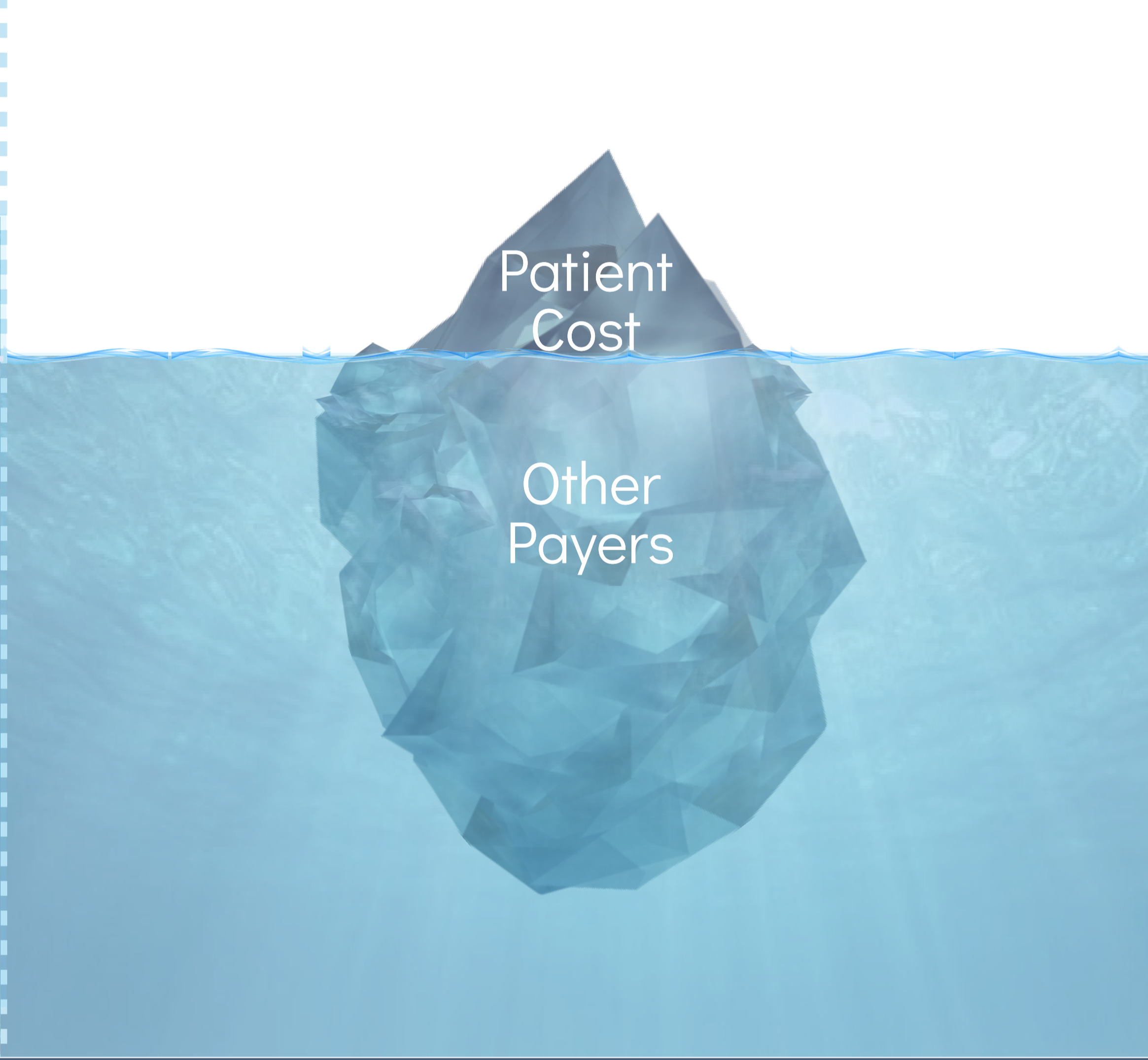
**1**

Enhance prescription insurance coverage  
Raise the water line



**2**

Lower total drug cost  
Melt the iceberg



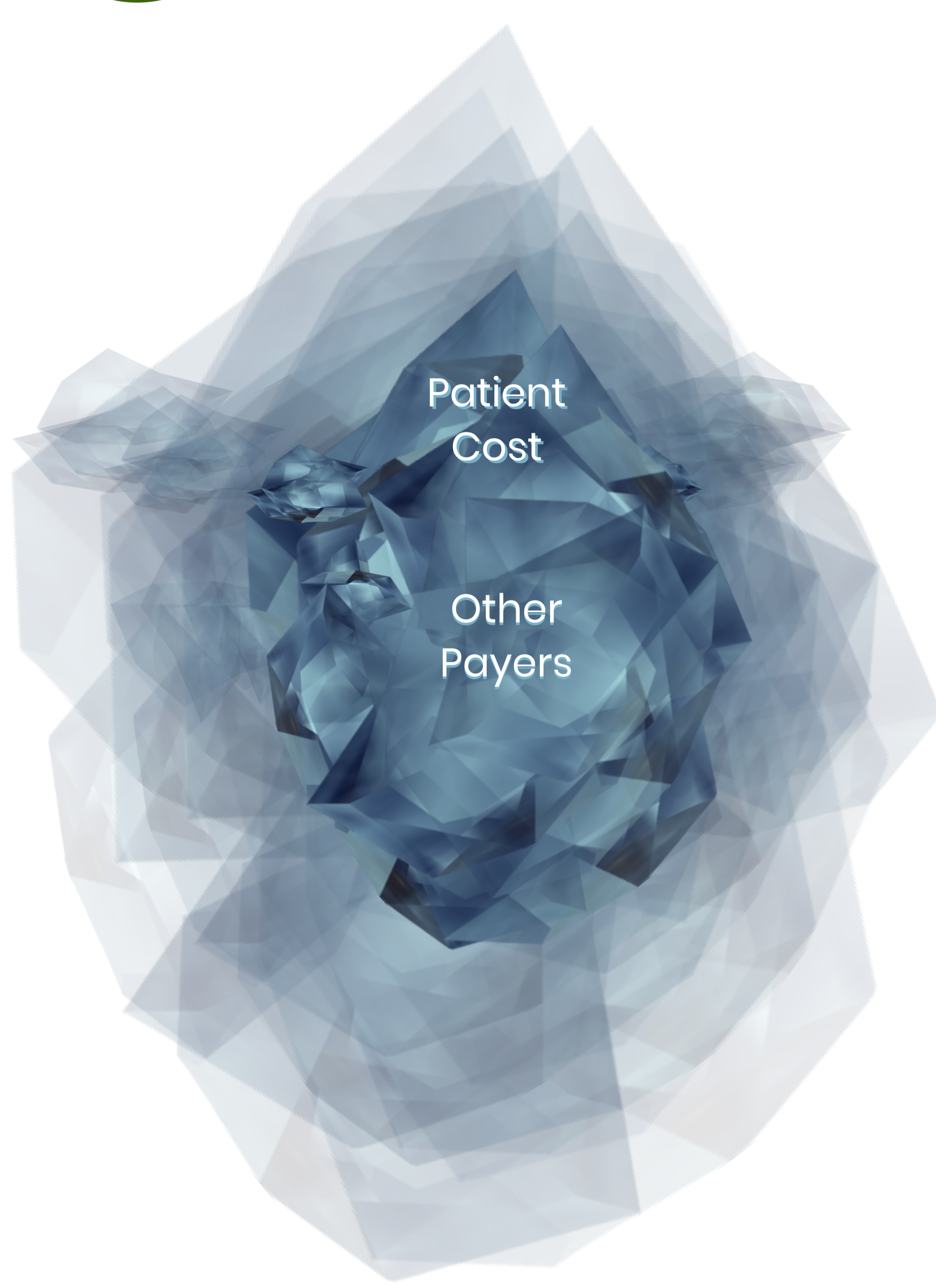
**Policies that attempt to lower overall drug cost should simultaneously consider initiatives that also reduce patient financial burden**



Total cost shrinks; patient cost unchanged



Total cost shrinks; patient cost shrinks



## The 'True Value' Iceberg

The total drug cost is determined by the clinical benefit to patients, compared to available alternatives. Under this scenario, the patient pays close to zero.

