

What is a Prescription Drug Rebate and why are they important?

Prescription drug spending is a leading contributor to rising health care costs across the United States.

Drug rebates have been offered as a solution. At a high level, drug rebates are provided by manufacturers to health insurance payers and Pharmacy Benefit Managers (PBMs) as an incentive to cover certain drugs under their health plans. The ultimate goal is to help lower overall costs. While that is true for [Medicaid](#), some argue it does not lower costs for [Medicare Part D](#) patients, and commercial payers are not [required to start sharing](#) rebates with employers and members until January 2024.

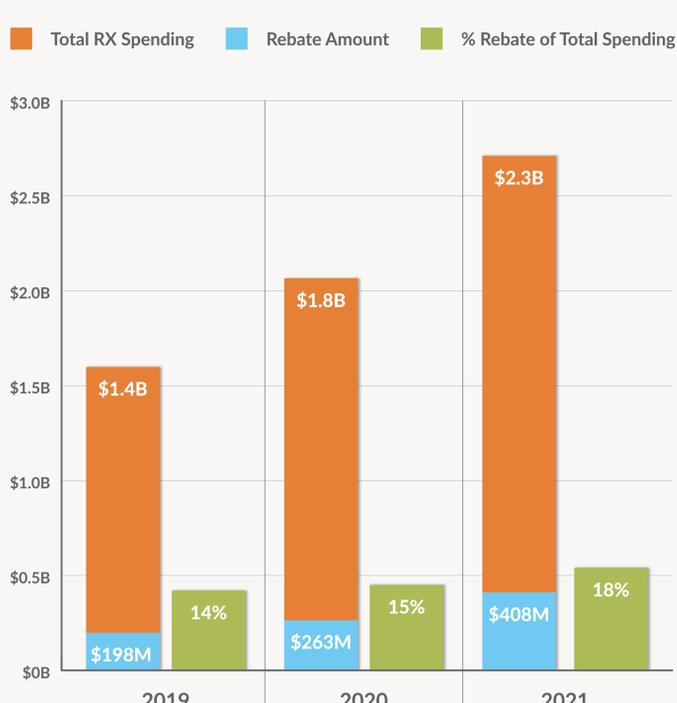


Drug Spending is Increasing Even With Rebates

Across all payers, prescription drug spending rose roughly 25% with and without factoring in drug rebates received by payers.

Percent Rebates of Total Prescription Drug Spending Continues to Rise

Commercial Payers, 2019-2021



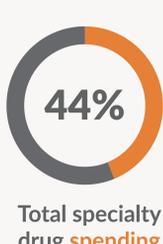
Commercial Payers are Receiving More Rebates



Specialty Drugs Account for the Majority of Drug Spending

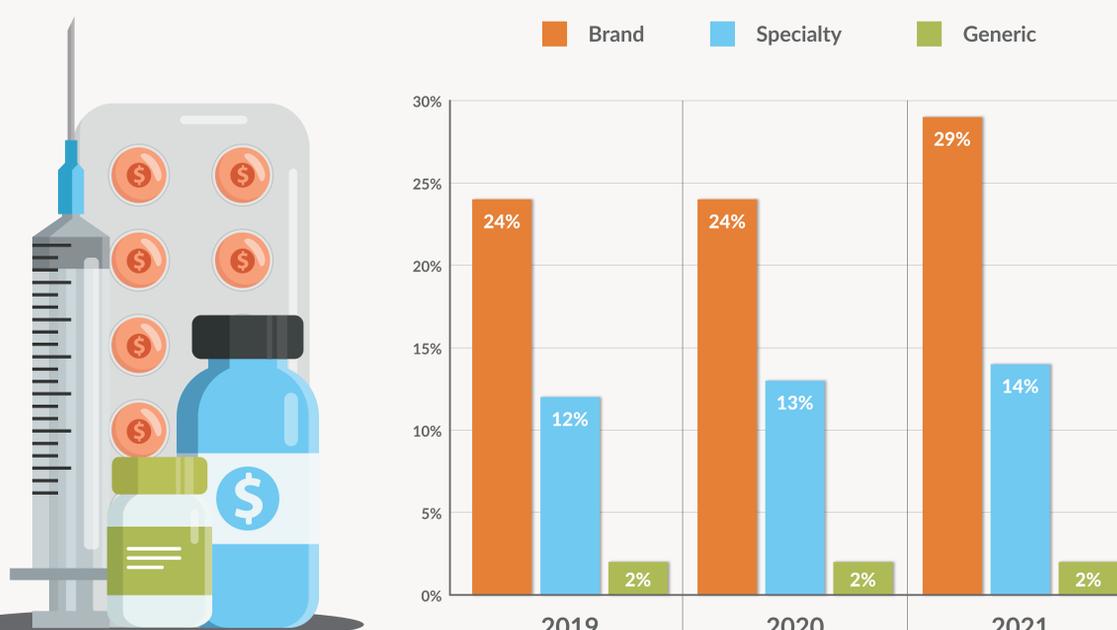
Commercial Payers, 2021

Specialty drugs accounted for almost half of total prescription drug spending among commercial payers in 2021, but represented just 1% of total volume.



Percent rebate of total spending rising over time for specialty and brand drugs.

Commercial Payers, 2019-2021



Costs for specialty and brand drugs continue to rise year over year.

Commercial Payers, 2019-2021



Specialty Drugs

84% ↑

Increase in specialty drug rebates



Brand Drugs

125% ↑

Increase in brand drug rebates

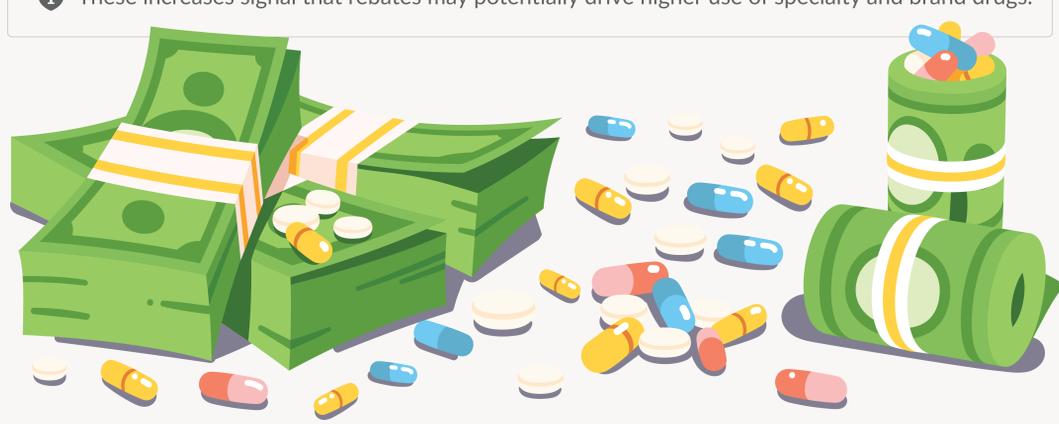
56% ↑

Increase in total spending for specialty drugs

90% ↑

Increase in total spending for brand drugs

These increases signal that rebates may potentially drive higher use of specialty and brand drugs.



For more information and to view our full Prescription Drug Rebate Analysis, visit us at www.civhc.org.