

Prescription Drug Prices, Hospital Costs and Doctors' Fees

- Majorities who think drug prices are "unreasonably" high (57%) and should be controlled (56%) – down slightly from last year.
- Those aware that prices are higher in U.S. than in other countries (63%) increase.
- Profits (42%) and marketing costs (30%) seen as contributing more to drug prices than cost of medical research (23%).

The cost of prescription drugs continues to be a very hot topic with frequent reports of consumers shopping abroad (in person or on the Internet), Tom Scully of Centers for Medicare & Medicaid Services (CMS) urging doctors not to prescribe some high priced drugs, and the debate about Medicare drug coverage continuing. Other Harris Interactive surveys have shown how much public dissatisfaction with high drug prices has damaged the reputation of the industry over the last four years. Given that trend, it is interesting, and even surprising, that this new Harris Interactive survey on drug prices finds some modestly positive trends for the industry and only one negative trend.

Most people continue to think drug prices are unreasonably high and should be controlled by the government, but those who think this way have declined modestly. Those who believe that drug prices are higher here than in other countries have increased, but even now less than 50% of the public thinks they are "much higher" here.

These are the results of a telephone survey conducted by Harris Interactive with a nationwide sample of 1,010 adults surveyed between April 10 and 15, 2003.

Are drug prices unreasonably high?

A 57% majority thinks drug prices are unreasonably high and most other people think they are somewhat high (32%). Almost as many, 54%, think hospital charges are unreasonably high, and 43% believe doctors' bills are unreasonable. All of these costs are much higher than for cars (36%), clothes (16%) or packaged food (10%).

TABLE 1
Perception of Prescription Drug Prices

"Would you say that the prices of most – prescription drugs – are fair and reasonable, somewhat high or unreasonably high?"

Base: All adults

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
Fair and reasonable	12	10	7	9	10
Somewhat high	23	25	36	26	32
Unreasonably high	61	63	54	62	57
Not sure	4	2	3	3	1

♦ EDITORS ♦

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TABLE 2

Perception of Prices of Selected Consumer Products and Services

“Would you say that the prices of most (**Ask For Each Item**) are fair and reasonable, somewhat high or unreasonably high?” (% saying “unreasonably high”)

Base: All adults

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
Package Foods	16	12	14	11	10
Clothing	20	22	16	16	16
Automobiles	49	48	44	36	36
Doctors Bills	49	49	38	48	43
Prescription Drugs	61	63	54	62	57
Hospital Charges	62	67	55	64	54

Favor/oppose government price controls?

This year a 56% to 39% majority favors government price controls, but that is down from the 67% to 29% majority who felt that way last year and is as low a majority as we have recorded since our earlier surveys in 2000 and 2001.

The 56% favoring drug price controls compares with 48% and 43%, respectively, who favor government price controls for hospitals and doctors’ bills.

TABLE 3

Support for Federal Government Prescription Drug Price Controls

“Would you favor or oppose federal government price controls of...prescription drugs?”

Base: All adults

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
Favor federal government price controls of prescription drugs	60	57	61	67	56
Oppose	37	39	34	29	39
Not sure	3	4	5	4	5

TABLE 4

Support for Federal Government Price Controls of Various Products and Services (% in favor)

“Would you favor or oppose federal government price controls of (**read each item**)?”

Base: All adults

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
Packaged Foods	29	NA	NA	27	23
Clothing	19	NA	NA	20	17
Automobiles	30	NA	NA	30	27
Doctors Bills	48	45	48	52	43
Prescription Drugs	60	57	61	67	56
Hospital Charges	54	51	53	58	48

How U.S. drug prices compare with prices in Canada and Europe

Many reports in the media have indicated that U.S. drug prices are far higher than those in Canada and other countries, so it is perhaps surprising that only 45% of Americans think U.S. prices are “much higher” (while 18% think they are “somewhat higher” so that a total of 63% think they are higher).

However, this 45% who believe U.S. drug prices are much higher is up from 37% last year and 25% in 2000.

TABLE 5

Prescription Drug Prices: International Comparisons

“How do you think the prices of prescription drugs in this country compare with drug prices in Canada and Western Europe? Are the prices here much higher, somewhat higher, about the same, somewhat lower or much lower?”

Base: All adults

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
Much higher here	25	29	35	37	45
Somewhat higher here	16	20	21	19	18
About the same	8	7	7	4	5
Somewhat lower here	7	7	5	4	5
Much lower here	2	2	1	1	1
Not sure	42	34	29	35	25

NOTE: Columns may not add up to 100% due to rounding.

Why are drug prices so high?

Only 23% of the public believes what some in the pharmaceutical industry would like it to believe – that the high cost of medical research is the biggest contributor to drug prices. More people think that profit margins (42%) and marketing and advertising costs (30%) contribute more to high drug prices.

These numbers have not changed much since 2000 but those who believe medical research is the principal driver of prices have declined marginally (from 28% in 2000 and 26% last year to 23% now).

TABLE 6

Public’s Perception of Prescription Drug Price Drivers

“Which of the following do you think contributes most to the price of prescription drugs?”

Base: All adults

	February 2000 %	June 2001 %	March 2002 %	April 2003 %
Cost of medical research	28	25	26	23
Cost of marketing and advertising	29	30	30	30
Profit margin	40	41	42	42
Not sure	3	3	2	5

The Credibility and Responsiveness of Arguments Used to Justify Drug Prices

The public – as many other surveys have shown – places a high value on medical research and does not want to see it cut. Half of the 56% who favor price controls say they would oppose price controls “IF this meant that pharmaceutical companies substantially reduced their spending on medical research...”

However, only a minority of the public (44%) believes the argument that drug companies *would spend less* on research if the government controlled prices. And only 37% believes that the pharmaceutical industry *would develop fewer drugs* if there were government price controls.

Furthermore there has been no increase in these (substantial) minorities over the last three years. So the pharmaceutical industry has not been successful in persuading more people to accept these arguments against government price controls.

TABLE 7

Support for Prescription Drug Price Controls if R&D Spending Declines

“Would you still favor price controls on prescription drugs if this meant that pharmaceutical companies substantially reduced their spending on medical research into new treatments or would you oppose them?”

Base: Favor price controls of Rx drugs (56% of all adults in 2003)

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
Would still favor	36	34	34	34	41
Would oppose	57	58	59	58	51
Not sure	7	7	7	8	7

TABLE 8

Implications of Prescription Drug Price Controls on R&D Budgets

“Suppose the government controlled the prices of prescription drugs, do you think that the drug companies would spend more, less or about the same amount on scientific research to find new cures and treatments for diseases?”

Base: All Adults

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
Spend more	15	15	14	11	16
Spend less	44	49	46	46	44
Spend about the same amount	33	31	36	36	33
Not sure	7	4	4	7	7

TABLE 9

Implication of Price Controls on Development of New Drugs

“If the government controlled the prices of prescription drugs, do you think the pharmaceutical industry would develop more, less, or about the same number of valuable new drugs?”

Base: All Adults

	February 2000 %	June 2000 %	June 2001 %	March 2002 %	April 2003 %
More	15	12	11	9	13
Less	44	39	38	36	37
About the same	33	45	45	48	42
Not sure	7	4	5	6	7

Methodology

This survey was conducted by telephone within the United States between April 10 and 15, 2003 among a nationwide cross section of 1,010 adults (ages 18+). Figures for age, sex, race, education, number of adults and number of voice/telephone lines in the household were weighted where necessary to align them with their actual proportions in the population.

In theory, with a probability sample of this size, one can say with 95 percent certainty that the results have a statistical precision of plus or minus 3 percentage points of what they would be if the entire adult population had been polled with complete accuracy. Unfortunately, there are several other possible sources of error in all polls or surveys that are probably more serious than theoretical calculations of sampling error. They include refusals to be interviewed (non-response), question wording and question order, interviewer bias, weighting by demographic control data and screening (e.g., for likely voters). It is impossible to quantify the errors that may result from these factors.

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