

Prescription Drug Prices, Hospital Costs and Doctors' Fees

- Majorities who think drug prices are "unreasonably" high (66%) at highest level yet.
- Those aware that drug prices are higher in U.S. than in other countries (73%) increase.
- Profits (41%) and drug marketing costs (33%) seen as contributing more to drug prices than cost of medical research (22%).

The cost of prescription drugs is a hot topic in this election year. In this new Harris Interactive survey we have repeated questions that we asked in each of the last four years to measure how attitudes and perceptions have changed. The big picture remains very much the same, with large numbers of people thinking that the prices of prescription drugs and hospitals are "unreasonably high" and should be subject to federal price regulation.

The public continues to be skeptical of arguments that government price controls would lead to fewer valuable new drugs. One reason for this is that, overwhelmingly, the public thinks that the industry's profit margins and/or the cost of marketing and advertising exceed the cost of their medical research.

In the four years since we first conducted this research, the biggest change by far has been a very large increase in the numbers of people who think that the prices of prescription drugs are higher here than in Canada and Western Europe, up from 41 percent to 73 percent.

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

	2000	2001	2002	2003	2004
	%	%	%	%	%
Fair and reasonable	10	7	9	10	10
Somewhat high	25	36	26	32	21
Unreasonably high	63	54	62	57	66
Not sure/Refused	2	3	3	1	2

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

TABLE 2

Those Who Believe Prices Are Unreasonably High (% saying “unreasonably high”)
“Would you say that the prices of most (ASK FOR EACH ITEM) are fair and reasonable, somewhat high or unreasonably high?”

Base: All Adults

	2000	2001	2002	2003	2004
	%	%	%	%	%
Packaged Foods	12	14	11	10	12
Clothes	22	16	16	16	11
Automobiles	48	44	36	36	34
Doctors Bills	49	38	48	43	55
Prescription Drugs	63	54	62	57	66
Hospital Charges	67	55	64	54	64

Favor/oppose government price controls?

This year a 60 percent to 35 percent majority favors government price controls, up from last year, but down from the 67 percent to 29 percent majority who felt that way in 2002.

The 60 percent favoring drug price controls compares with 55 percent and 48 percent, 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

	2000	2001	2002	2003	2004
	%	%	%	%	%
Favor federal government price controls of prescription drugs	57	61	67	56	60
Oppose	39	34	29	39	35
Not sure/Refused	4	5	4	5	4

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

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

	2000	2001	2002	2003	2004
	%	%	%	%	%
Packaged Foods	29	N/A	27	23	26
Clothing	19	N/A	20	17	20
Automobiles	30	N/A	30	27	28
Doctors Bills	48	48	52	43	48
Prescription Drugs	60	61	67	56	60
Hospital Charges	54	53	58	48	55

How U.S. Drug Prices Compare With Prices in Canada and Europe

In our 2000 survey we found only 25 percent who believed that the prices of prescription drugs in the United States were much higher than in Canada and Western Europe. That has risen every year and now stands at 51 percent.

In total, those who think that prescription drugs are more expensive here than in Canada and Western Europe have risen from 41 percent in 2000 to 73 percent now.

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

	2000	2001	2002	2003	2004
	%	%	%	%	%
Much higher here	25	35	37	45	51
Somewhat higher here	16	21	19	18	22
About the same	8	7	4	5	5
Somewhat lower here	7	5	4	5	2
Much lower here	2	1	1	1	1
Not sure/Refused	42	29	35	25	18

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

Why are drug prices so high?

Only 22 percent 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 (41%) and marketing and advertising costs (33%) 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 to 22% 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

	2000	2001	2002	2003	2004
	%	%	%	%	%
Cost of medical research	28	25	26	23	22
Cost of marketing and advertising	29	30	30	30	33
Profit margin	40	41	42	42	41
Not sure/Refused	3	3	2	5	5

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

The Credibility 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 60 percent 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 (42%) believes the argument that drug companies *would spend less* on research if the government controlled prices. And only 33 percent 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 (60% of all adults in 2004)

	2000	2001	2002	2003	2004
	%	%	%	%	%
Would still favor	34	34	34	41	40
Would oppose	58	59	58	51	51
Not sure/Refused	7	7	8	7	10

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

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

	2000	2001	2002	2003	2004
	%	%	%	%	%
Spend more	15	14	11	16	14
Spend less	49	46	46	44	42
Spend about the same amount	31	36	36	33	39
Not sure/Refused	4	4	7	7	6

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

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

	2000	2001	2002	2003	2004
	%	%	%	%	%
More	12	11	9	13	12
Less	39	38	36	37	33
About the same	45	45	48	42	50
Not sure/Refused	4	5	6	7	5

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

Methodology

This survey was conducted by telephone within the United States between August 10 and 15, 2004 among a nationwide cross section of 1,012 adults (ages 18+). Figures for age, sex, race, education, number of adults, number of voice/telephone lines in the household, region and size of place 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 ± 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 (nonresponse), 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.

These statements conform to the principles of disclosure of the National Council on Public Polls.

About Harris Interactive

Harris Interactive (www.harrisinteractive.com) is a worldwide market research and consulting firm best known for *The Harris Poll*[®], and for pioneering the Internet method to conduct scientifically accurate market research. Headquartered in Rochester, New York, Harris Interactive combines proprietary methodologies and technology with expertise in predictive, custom and strategic research. The Company conducts international research from its U.S. offices and through wholly owned subsidiaries—London-based **HI Europe** (www.hieurope.com), Paris-based **Novatris** and Tokyo-based **Harris Interactive Japan**—as well as through the Harris Interactive Global Network of independent market- and opinion-research firms. EOE M/F/D/V

To become a member of the Harris Poll OnlineSM and be invited to participate in future online surveys, visit www.harrispollonline.com.

For more information, please contact us at:

877.919.4765

or visit our website at

www.harrisinteractive.com

Media inquiries, contact:

Kelly Gullo 585.214.7172

Nancy Wong 585.214.7316

©2004, Harris Interactive Inc. All rights reserved.
Other product and/or company names used herein are trademarks of their respective owners.