

WHITE PAPER



Drug Price Inflation in 2025

Examining Rising Costs and Future Implications

As the cost of healthcare continues to climb, 2025 has brought another wave of price increases across a wide range of prescription drugs. Within just the first two days of the year, pharmaceutical companies raised the list prices of over 575 brand-name drugs, with a median increase of 4 percent¹. While this figure may seem modest, the impact on payers, employers, and patients — particularly those who rely on high-cost specialty medications — is substantial.

Some of the most notable price hikes include drugs used to treat chronic conditions such as diabetes, autoimmune disorders, and cancer, as well as gene therapies with already astronomical price tags.

Zolgensma, a gene therapy for spinal muscular atrophy and one of the most expensive drugs on the market, increased by 3 percent, which equates to an \$80,000 increase per fill, bringing its total cost to \$2.7 million per treatment.

Abecma, a cutting-edge cancer drug, saw an even steeper rise of 16 percent, adding \$85,000 per treatment cycle. These staggering increases raise important questions about affordability, access, and the sustainability of current pricing models.

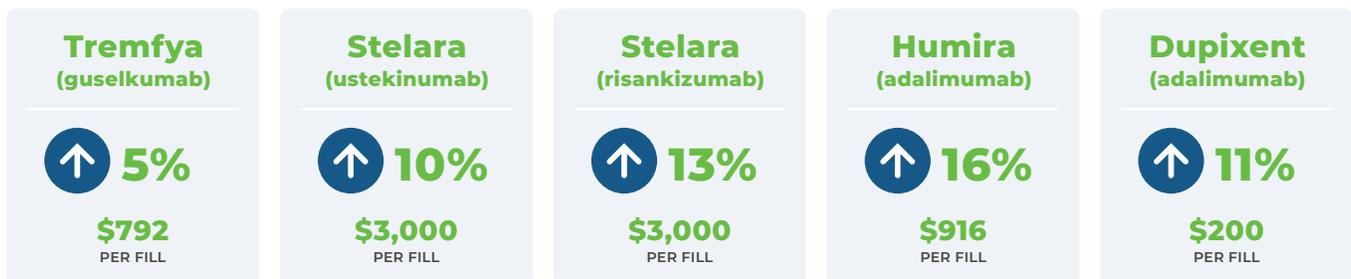
Beyond these extreme cases, many widely used specialty drugs — experienced double-digit price hikes. Meanwhile, new advancements in treatment, such as the potential expansion of GLP-1 medications into kidney disease and heart failure, could further drive up costs in the coming years.

This report explores the drugs most affected by inflation, their therapeutic uses, potential future indications, and what these price trends mean for the broader healthcare landscape.

THE RISING COSTS OF SPECIALTY MEDICATIONS

Specialty drugs used to manage chronic inflammatory diseases such as rheumatoid arthritis, psoriasis, and Crohn’s disease have seen some of the highest price increases. These conditions often require lifelong treatment, making price hikes particularly burdensome for patients and payers. Similarly, migraine prevention therapies, which have become a critical option for patients with chronic and debilitating migraines, have also experienced significant price increases.

Treatment for Autoimmune Conditions

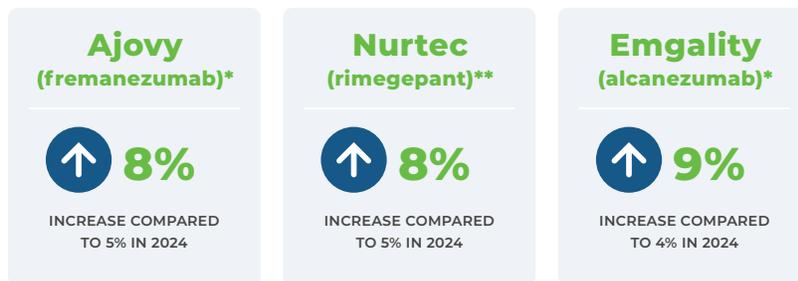


As these drugs continue to see expanded indications — such as Skyrizi for ulcerative colitis and Dupixent for Chronic Obstructive Pulmonary Disease (COPD) — pricing pressure will likely increase, with potential cost offsets coming only from broader biosimilar adoption.

Treatment for Inflammatory Conditions



Treatment for Migraine Prevention



These medications offer targeted relief for migraine sufferers but come at a growing cost, further straining affordability for both individuals and healthcare systems.

THE RISING COSTS OF WIDELY USED NON-SPECIALTY MEDICATIONS

Diabetes drugs have been under significant scrutiny in recent years, particularly GLP-1 receptor agonists, which have gained widespread use not only for diabetes but also for weight loss. Sodium-glucose co-transporter-2 (SGLT-2) inhibitors have also become a cornerstone of type 2 diabetes management, helping lower blood sugar levels while also providing cardiovascular and kidney protection.

SGLT-2 Inhibitors: A Growing Class with Expanding Use and Rising Costs

These medications, including Jardiance, Farxiga, and Invokana, have demonstrated significant benefits beyond glucose control, leading to expanded indications for heart failure and chronic kidney disease (CKD). However, as their use grows, so do their costs.

In 2025, Jardiance saw a 5 percent price increase, while related combination therapies like Synjardy and Trijardy also rose by 3 percent.

With ongoing research exploring further applications in kidney disease and heart health, SGLT-2 inhibitors are likely to remain a high-cost category in the years ahead.

GLP-1 Agonists: Expanding Use, Rising Costs, and the Future of Metabolic Care

In 2025, these drugs experienced price increases of 3-6 percent, continuing a pattern seen in previous years.



As demand for GLP-1s rises, their expansion into heart failure, obesity, and CKD is expected to increase utilization and further drive price inflation. Employers and payers will need to carefully consider cost-sharing strategies, formulary management, and network optimization to balance access and affordability.

THE ROLE OF INCREASED UTILIZATION IN DRIVING DRUG PRICE INFLATION

While list price hikes often make headlines, utilization is a powerful — and sometimes overlooked — driver of inflationary pressure. As more patients initiate or remain on high-cost therapies, especially for chronic conditions, demand surges. In pharmaceutical markets, where supply is often constrained and competition limited, that demand has direct implications for price.

This dynamic is especially pronounced in drug classes with expanding indications and long-term use, such as:

- GLP-1 receptor agonists**, now used across diabetes, obesity, heart failure, and chronic kidney disease.
- SGLT-2 inhibitors**, increasingly prescribed for both glucose control and renal or cardiovascular protection.
- Biologics for autoimmune diseases**, which often require lifelong adherence and have complex manufacturing requirements.
- Migraine prevention therapies**, growing in popularity due to improved quality-of-life outcomes.



As utilization grows, so does the total revenue opportunity for manufacturers, often leading to upward price adjustments. Compounding this, patients typically stay on these therapies for years, creating a “sticky” market where switching to alternatives is difficult, and demand remains high regardless of price changes.

For payers and pharmacy benefit managers (PBMs), even modest per-unit price increases can have significant financial consequences when applied across a rapidly expanding patient base. Inflation, therefore, isn’t just about price — it’s about volume.



MANAGING RISING DRUG COSTS: COST-SAVING STRATEGIES

With drug prices continuing to rise, payers, employers, and PBMs must employ proactive strategies to manage inflation, optimize formulary decisions, and ensure member affordability. Key strategies include:

1. Real-Time Analytics for Smarter Decision-Making

Real-time analytics and data-driven decision-making is the best way to navigate drug price inflation. By leveraging real-time data analytics, payers and PBMs can track inflation trends, identify cost-saving opportunities, and adjust formulary and benefit strategies proactively. This approach allows for smarter, more strategic cost management, ensuring sustainability in the face of ongoing price increases.

2. Biosimilar Adoption and Formulary Management

Another effective way to control rising drug costs is through biosimilar adoption and formulary management. Encouraging the use of biosimilars for high-cost specialty drugs like Humira can lead to significant savings. By implementing formulary exclusions and preferred drug lists, payers can steer members toward more cost-effective alternatives without compromising clinical outcomes.

3. Value-Based Contracting and Price Negotiations

Outcome-based contracts tie payment to a drug's effectiveness, helping to reduce wasteful spending on therapies that may not deliver meaningful results. At the same time, PBMs and health plans must negotiate aggressively for rebates and discounts to offset rising costs and maintain affordability.

4. Patient Assistance and Affordability Programs

Patient assistance and affordability programs can provide critical financial relief for patients. Manufacturers often offer copay assistance programs to help members afford necessary medications and support adherence to treatment plans. Employers, in turn, can implement tiered benefit designs that encourage the user of lower-cost alternatives where clinically appropriate, helping to balance access and cost.

THE ROLE OF REAL-TIME ANALYTICS IN MANAGING DRUG PRICE INFLATIONS

As drug prices continue to rise unpredictably, real-time analytics and reporting tools have become essential for cost management. These platforms provide actionable insights that help employers, PBMs, and health plans stay ahead of market trends and inflationary pressures.

Key Benefits of Real-Time Analytics in Pharmacy Cost Management:

- **Immediate Visibility into Pricing Trends:** Identifies high-cost drugs experiencing inflation and evaluates their impact on overall pharmacy spend. [More](#)
- **Data-Driven Formulary Adjustments:** Helps payers quickly adjust formularies based on price increases, generic availability, and biosimilar competition. [More](#)
- **Predictive Cost Modeling:** Forecasts future drug spending based on historical inflation rates and market trends.
- **Proactive Member Impact Analysis:** Identifies members most affected by rising costs and enables targeted intervention programs to support affordability. [More](#)

As healthcare costs continue to escalate, the ability to track, analyze, and respond to drug price changes in real-time will be a critical advantage for payers looking to balance cost control with patient access.

THE PATH FORWARD

The continued rise in drug prices — especially in specialty medications, diabetes treatments, and gene therapies — poses significant challenges for employers, payers, and patients alike.

Employers and health plans must take a data-driven approach to cost containment, utilizing real-time analytics, value-based contracting, and strategic formulary management to navigate these challenges effectively.

By leveraging smarter pharmacy benefit strategies and proactive cost management tools, payers can mitigate the impact of inflation while ensuring members maintain access to life-saving treatments.

Ready to combat drug price inflation with a data-driven strategy? Xevant helps payers proactively manage rising drug costs with real-time analytics, actionable utilization insights, and smart formulary controls.

See how our platform identifies inflation drivers before they hit your bottom line.

TALK TO AN EXPERT

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Sources:

*preventive treatment only **preventive and acute treatment

Unless otherwise noted, the source for data in this piece is Internal Xevant analytics, 2025.

1. <https://www.npr.org/sections/shots-health-news/2025/01/14/nx-s1-5250174/drug-prices-rise-drugmakers>

Note: Cost information provided is based on average whole price (AWP) for a 30-day supply and may not reflect what a patient ultimately pays for a drug. All pricing data is based on information provided by Medi-Span.