

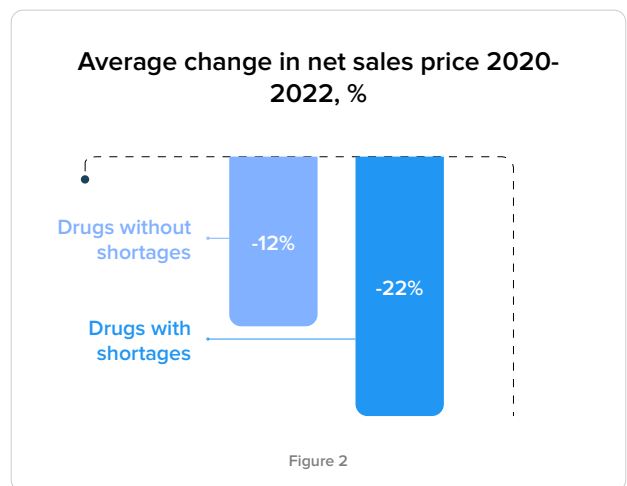
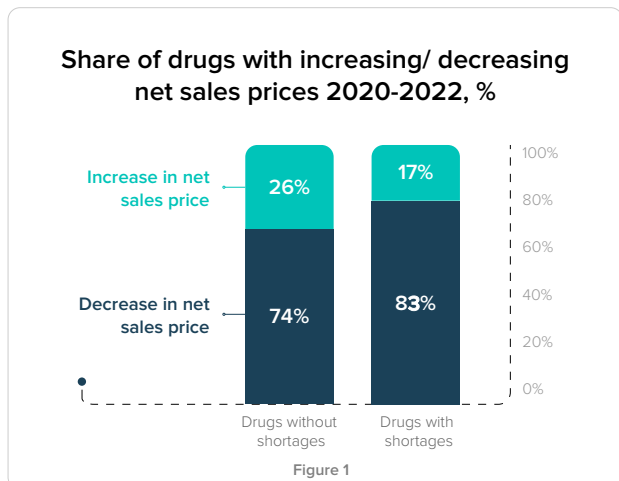
How falling drug prices for manufacturers fuel shortages

As drug shortages reach unprecedented levels in the US and worldwide, understanding their causes is crucial for developing effective solutions. At QYOBO, we analyzed the relationship between drug shortages and net sales prices for drug manufacturers in the US market. This report is based on net sales figures from 400 SKUs sold by a large multi-national generics company, combined with insights from the QYOBO platform - leveraging big data to categorize drugs into those that experienced shortages between 2020 and 2023 and those that did not.



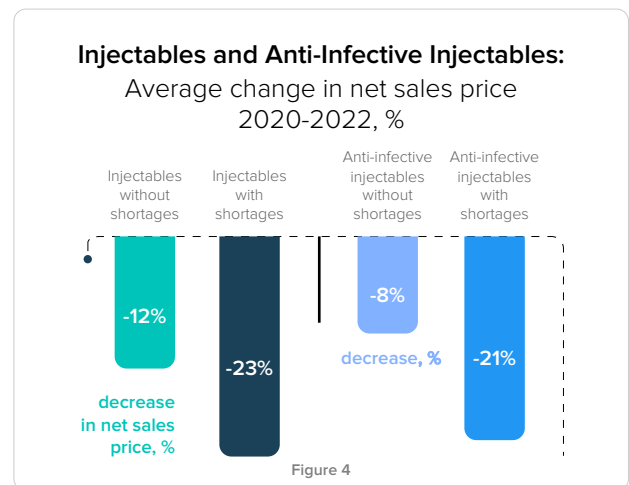
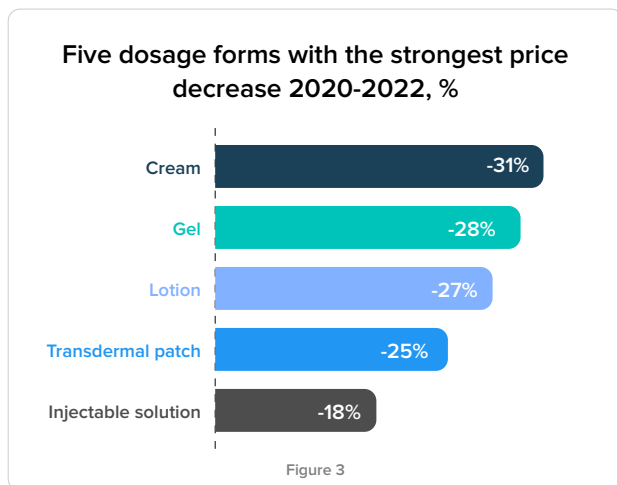
Key takeaways:

Net sales prices for drugs with shortages decreased more often than those without shortages. Our analysis showed that three-thirds of all drugs (75%) experienced net sales price decreases between 2020 and 2022, with only a quarter of drugs (25%) increasing in price. The share of decreasing prices was higher (83%) for drugs with shortages than those without shortages (74%, see [Figure 1](#)).



The average price decrease for drugs with shortages was 10% higher (22%) between 2020 and 2022 than for those without shortages (12%, see [Figure 2](#)).

Liquid and semi-solid dosage forms like **creams, gels and injectables** were particularly affected by price decreases (see Figure 3). Injectables with shortages decreased by 23% compared to 12% for those without shortages (see Figure 4).



Economic Implications

The data strongly support the hypothesis that the relentless drive to lower prices in the generics industry adversely affects supply security. The trend of falling prices, particularly pronounced among drugs facing shortages, suggests that decreasing profitability undermines the economic incentives for manufacturers to maintain or expand production. This, in turn, exacerbates supply shortages, as companies may scale back production or exit the market altogether in response to reduced financial viability. The significant price drops observed, especially for critical medicines such as anti-infective injectables, underscore the urgent need for strategies that balance affordability with sustainable supply.



Source: QYOBO platform based on 2020-2023 U.S. FDA drug shortage data; 2020-2022 U.S. net sales prices of a large multi-national generics company

Disclosure: At QYOBO, we adhere to the highest professional and ethical standards. This study was conducted independently and without any remuneration. While the manufacturer whose drugs were analyzed in this report is a client of QYOBO, this study was performed independently of our client relationship and without any additional charges.