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Authors

Eliason, Mark J
Sontheimer, Richard D

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Commentary

How to reduce out-of-pocket costs for prescription medications

Mark J Eliason MD and Richard D Sontheimer MD

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Department of Dermatology, University of Utah School of Medicine, Salt Lake City, Utah

Correspondence:

Mark J Eliason MD
Department of Dermatology
University of Utah School of Medicine
Salt Lake City, Utah
mark.eliason@hsc.utah.edu

Abstract

The cost of prescription medicines has recently been rising faster than other healthcare costs. This is also true for traditionally inexpensive generic medications that have long served as a fundamental healthcare safety net in the USA. These changes increasingly present challenges for individuals to obtain common medications. Owing to rising insurance co-pays, even patients who have prescription medication insurance coverage are beginning to experience challenges in this area. This document was created to help patients and their families consider various strategies and programs that exist in 2015 for reducing their out-of-pocket costs for their prescription medications. We believe that this information can also be helpful to healthcare providers when counseling patients about managing rapidly rising prescription drug costs. An effort has been made to make this document readable to patients and their families as well as to healthcare providers.

Different types of prescription medication

Generic vs. Brand Name Medications

Pharmaceutical companies develop new drug chemicals for medical problems. These new drugs are given a generic and a brand name. Companies obtain patents on new brand name drugs even before the drug is first tested in humans. Once a new brand name drug is approved by the federal government for sale to the public, the company has exclusive rights to sell that drug under patent for 10-15 years. When the patent ends other companies can make copies of the same drug. This copy is called a generic drug.

A generic drug has the same chemical structure as the brand name drug. Federal law in the USA requires that a generic drug be medically equivalent to the brand-name drug. In nearly all cases, a generic drug works just like its brand-name drug. Generic drugs are usually 80-85% less expensive than brand-name drugs. The difference in cost is attributed to the expenses involved in developing a new drug, testing it in humans, and marketing the new drug. Pharmaceutical companies are businesses whose leaders have a fiduciary responsibility to generate profit for the company and its stockholders.

If medical insurance covers a high-cost brand name drug, the insurer typically applies a higher “co-pay tier” to the brand-name drug compared to its generic copy to discourage its use in favor of the less-expensive generic equivalent. This results in considerably higher out-of-pocket cost to the patient for a brand name drug.

Asking healthcare providers to prescribe generic medications when possible will typically result in lower medication costs. In the case that a brand name drug is required, health care providers should be able to explain why a generic medication is not a reasonable alternative.

Buying in bulk

90 Day Medication Supply vs. 30 Day Supply

For medications taken chronically, purchasing a 90 day (3 month) supply provides cost savings for the patient over purchasing three consecutive 30 day (1 month) supplies. Most insurance companies will pay for a 90 day medication supply.

Pill Splitting

Prescription medications come in different pill sizes. However, a pill that contains twice as much of the same drug chemical does not necessarily cost twice as much. Pill splitting can provide a simple, immediate cost-saving opportunity.

When asked, a healthcare provider can prescribe a larger pill size that contains twice as much drug content as the patient needs to take on a daily basis. The patient can then split the pill in half and take one-half of the pill per dose to get the proper amount of drug. Some pills are scored in the middle to make them easy to split by simply breaking them in half with one's fingers. For other pills, one might need a pill splitting device to properly divide the pill. A quality, reusable pill splitting device can be purchased at a pharmacy for less than \$10. This strategy can immediately provide up to 50% cost savings on brand-name and generic prescription drugs.

Importantly, some pill types should not be split. Examples include drugs with enteric coating (a special coating that controls how the pill dissolves in the body), time-release or long-acting drugs, drugs in capsules, and prepackaged drugs in specific doses such as birth control pills.

Doctors or pharmacists can clarify whether pill splitting is safe for a specific medication. It is very important for patients and healthcare providers to communicate clearly about splitting medications so that patients receive appropriate directions to get the right amount of medication. It is dangerous and unadvisable for a patient to start splitting their medication without first checking with their healthcare provider.

Optimal use of medications that are directly applied to the skin

The Fingertip Unit

Without clear instructions, patients may not know the proper amount of a prescription cream or ointment to put on and rub into their skin. As a result, larger amounts of topical creams and ointments may be applied than are really needed for their skin problem. Because brand-name creams and ointments can be quite expensive, this can add extra expense to one's healthcare costs. In addition, applying too much of a topical medication can make the skin feel greasy, sticky, or just "messy." As a result, patients are less likely to use the medication on a regular basis and thus lose some of its medical value.

A practical approach to maximizing the use of topical medications is to understand the concept of the "fingertip unit" (FTU). One FTU is the amount of topical steroid cream or ointment that is squeezed out from a standard tube along an adult's fingertip (assuming that the tube has a standard 5 mm, (about 1/4 inch) nozzle.) A fingertip is the part of the finger between the very end of the finger and the first crease on the palm side of the finger. One FTU is enough cream or ointment to treat an area of skin twice the size of the palm of an adult's hand with the fingers touching together. Using more than this can be wasteful. More information about using the FTU that includes useful illustrations can be found at <http://www.patient.co.uk/health/fingertip-units-for-topical-steroids>. i

Frequency of Use of Topical Medications

Topical corticosteroid creams and ointments are often prescribed for rashes of various types. Patients are often instructed to apply these products twice daily to the affected areas of skin. However, some rashes will respond when treated once a day rather than twice a day. Patients can ask their doctors if their skin problem really needs a cream or ointment applied twice daily or if once

daily would be adequate. When using a topical product twice daily, once the rash starts to improve one can often reduce the frequency of application to once daily to maintain the improvement.

Medications samples

Samples of new, brand name drugs are often given to doctor's offices by pharmaceutical companies to be given to patients. The samples are typically given in small amounts, just enough for patients to start a treatment and determine if the patient can tolerate the medication before paying for a prescription amount of the drug. Although samples are initially free, these new medications are generally expensive and in some cases a generic medication may be just as effective. For some conditions a short course of treatment is all that is required. It is sometimes useful to ask healthcare providers if samples are available to use or test. Pharmaceutical company discount coupons are also often given to the patient with the drug samples to make the cost of the brand name drug more affordable. Such coupons are described further below.

Drug discount programs

\$4 Per Month Generic Drug Lists

Some discount retailers provide marked cost savings on a limited number of generic drugs that are sold in their pharmacies. Walmart has been a leader in this area, but many pharmacies now provide such lists. Both topical (creams) and systemic (pills) drugs are offered on these lists.

Typically, a 30-day supply of a generic medication is made available for \$4 at a dose regimen that is needed to treat common conditions. Drugs that are not usually prescribed for 30 days (such as antibiotics) are priced higher if a 30-day amount is filled. Hence, in some cases a price that is proportionally higher than \$4 is charged. Pharmacies that offer a \$4 per month list also typically offer a 90 day supply of the same generic medicine for \$10-\$12. One can easily find which generic drugs are available on various pharmacy discount lists in the patient's community by visiting the websites of participating pharmacies. Examples of such websites include **Walmart** <<http://www.walmart.com/cp/4-Prescriptions/1078664>>; **Target** <<http://www.target.com/pharmacy/generics>>, **Rite Aid** <<http://www.4dollar drugs.com/wp-content/uploads/2014/02/Rite-Aid-20140101.pdf>>, **CVS** <http://www.caremark.com/portal/asset/GE_CVSCaremark_ValuePricedGenerics_DL.pdf>. Large wholesale stores like Costco do not currently have a \$4 drug program. However, their drug costs are often very competitive with pharmacies offering a \$4 discount program. Though wholesalers like Costco require a membership to shop for their merchandise, their pharmacy is open to anyone with or without a membership. Checking prices at wholesale stores can provide a good reference to know if someone is getting a good price at their current pharmacy.

Pharmaceutical Company Coupons

Pharmaceutical companies often provide discount coupons to doctor's offices to be given to patients along with the samples of their brand-name medications. Discount coupons are seldom available for generic medications. Discount coupons need to be presented to the pharmacist prior to paying for a medication. In addition to obtaining the coupons from doctor's offices, the same discount coupons can often be printed out from the pharmaceutical company's website.

Discount coupons can reduce a patient's initial out-of-pocket costs when starting an expensive new brand name prescription medication. However, there are often limitations associated with use of these coupons. For example, some coupons have expiration dates or provide no longer than one year of cost savings. Often the coupons are limited to specific doses or sizes of medications. If these requirements are not met patients may pay higher out-of-pocket costs if they choose to continue taking the expensive brand-name medications. In addition, some pharmacies do not honor these discount coupons. Federally funded insurances such as Medicare, Medicaid, and Tri-care will not allow the use of manufacturer coupons.

Other Coupon-Based Drug Discount Programs

A visit to an Internet search engine will quickly reveal that a number of other organizations offer discount drug programs. Unlike discount coupons/cards from pharmaceutical companies this type of drug discount coupon/card can be used on a variety of medications, including generic medications as well. Some examples of groups that sponsor these kinds of cards include the American Association of Retired Persons (AARP), national pharmacy chains, and government agencies such as the Social Security Administration.

Patient assistance programs sponsored by pharmaceutical companies

Pharmaceutical companies offer patient assistance programs to provide free or low cost medications to uninsured people who cannot afford to buy their medicine. Such assistance programs are available for most brand name drugs. The patient must qualify for the rules of the assistance program that provides the particular medication they need. Typical rules for such programs include: 1) Be a U.S. citizen or legal resident, 2) Have no prescription insurance coverage, 3) Patient's personal income must meet program guidelines. Some such programs will even help patients with prescription insurance if they meet program hardship requirements or their medication is not covered by their insurance.

There are websites that help both patients and healthcare providers find available patient assistance programs for specific medications. Examples include: <<http://www.rxassist.org/>>, <<https://www.pparx.org/>>, <<http://www.needymeds.org/index.htm>>. Some of these websites offer discount programs of their own to patients.

Also, there are several foundations that offer to help with a patient's prescription insurance co-pay dollar amount for a specific medication. A list of such program websites can be found at <<http://learning.rxassist.org/sites/default/files/Copayfound%203-11.pdf>>.

Purchasing from different pharmacies

Compounding Pharmacies

Compounding pharmacies work with physicians to prepare medications for the personal needs of patients. Compounding pharmacists mix together chemical ingredients according to the directions in a prescription written by the patient's healthcare provider. These pharmacists prepare medications to order that are applied to the surface of the skin, injected directly into tissues, or given by mouth.

Some medications used to treat rheumatologic skin diseases are available only through a compounding pharmacy. An example is quinacrine capsules for oral treatment of lupus skin disease and related conditions. There are laws that place limits on what kind of products can be compounded. A pharmacist cannot copy the exact strength of an existing medication unless there are specific needs (such as a patient with an allergy to parts of an existing commercial medication). However, sometimes a different strength of a medication (one that is not commercially available and that can be compounded) is appropriate to treat a condition and can be ordered.

It should be noted that a prescription for a compounded medication cannot be filled by large volume retail pharmacies such as those at Walmart, Target, Rite Aid, Costco, and CVS.

One disadvantage of compounding is that medical insurers typically do not cover the cost of compounded formulations, therefore a patient is responsible for the full cost. Because compounded medications use generic products their cost is usually less than brand name products and sometimes less than commercially available generic products.

Pharmacy Benefit Management Organizations

A pharmacy benefit management (PBM) organization works with a health care system or insurance company to negotiate lower prices on medications because they order very large amounts of the medications. Some insurances will partner with a PBM and offer discounts if the people they insure order their medications through a PBM. Examples of PBMs are Express Scripts, CVS Caremark, and Prime Therapeutics (Blue Cross/Blue Shield). These companies often provide discounts if 90 days supplies are ordered. Individuals who do not yet know if their insurer has online pharmacy benefits (in other words, a partnering "mail order" pharmacy) should contact their insurance company to find out if they can save on prescriptions ordering through these organizations.

Insurance-Specific Pharmacies

In a similar way some insurance companies will provide discounted rates on certain (usually generic) medications if they are filled at a designated pharmacy. To understand whether there are any preferred pharmacies a person should contact their health insurance company.

Pharmaceutical Company-Pharmacy Partnerships

A more recent development is partnerships between pharmaceutical companies and individual pharmacies in the USA to provide discount prices to patients for medications sold by that specific company. These programs are advertised directly to physicians to encourage them to prescribe brand name medications. The physician sends the prescription to the pharmacy (usually out of state). The patient can then call the pharmacy, arrange payment for a co-pay, and then receive the medication in the mail in about three days. Because these partnerships are not advertised to the public, the only way for a patient to find out about their availability is to ask their providers if such an opportunity is available for a specific medication.

Online Pharmacies Outside of the USA

Prescription medications sold in the USA can be purchased at lower costs from legitimate pharmacies outside the USA. Such pharmacies typically do business online. However, one must take caution when electing to do so, as there are a number of potential pitfalls in obtaining ones medications this way.

Online pharmacies are not regulated by the United States Food and Drug Administration (FDA). A recent survey by the National Association of Boards of Pharmacy revealed that only 3% of the online pharmacies that were reviewed appeared to be legitimate [1]. This raises the very concerning possibility that medications from online pharmacies may be counterfeit, containing an inactive substitute instead of the active drug. Consumer Reports has published articles regarding the dangers of purchasing medications online and recommends caution and using verification programs (such as the VIPPS program) to assure that the online pharmacies are legitimate [2].

Price Matching

Increasingly, pharmacies will price match the lowest cost of medications at competing pharmacies. This is helpful if someone gets most of their medications from a given pharmacy, but finds that a new medication is less expensive somewhere else and wants to keep all their prescriptions at a given pharmacy. This requires the person to get a quote on the cost of the medication to present it for price matching.

Price shopping for prescription medications

Internet Sites that Help Patients Shop for the Best Prices on Prescription Medication

In the past it has been very difficult to shop for the best prices on retail prescription medications. However, over the last several years a trend has developed the promises to provide more transparency in prescription drug pricing.

Several drug price transparency sites have recently appeared on the Internet. Examples of these price comparison sites include: <www.goodrx.com>, <www.werx.org>, <www.lowestmed.com/free>, <www.mobilerxcard.com/>. (The authors of this article do not endorse these websites, but are only providing them for illustrative purposes). The first three of these websites allow a consumer to enter the name of a prescription medication (generic or brand-name) and the consumer's postal ZIP Code to get a listing of the prices of the medication at all pharmacies within a 15 mile radius of the ZIP Code. It has been the authors' personal experience in reviewing these websites that the retail price of the same drug can vary up to threefold between pharmacies within a 15 mile radius of the shopper's home address.

To get the discount prices listed on these websites, the consumer must print out a coupon from the website and present the coupon to the participating pharmacies at the time of medication purchase. The last of these four websites <www.mobilerxcard.com/> allows one to download an electronic coupon to a mobile device such as a cellphone. The electronic coupon on the mobile device must be shown to the pharmacist to get a discounted price. Mobile apps are now available for four of the above websites.

State Websites that Provide Comparative Price Information for Prescription Drugs

Some states have begun providing their citizens free access via the Internet to resources relating to drug price transparency within their states. The following states were among the first to adopt such a policy: California, Florida, Maryland, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, and Vermont. More information about these programs can be found at the following website <<http://www.hschange.com/CONTENT/966/>>. You can also search your own state government's

website to see if your state provides such resources to its citizens. You can easily find your state Government website by typing the name of your state followed by the phrase “.gov” into any internet search engine.

As the cost of prescription drugs, both brand name and generic, continues to rise patients will increasingly have to do their homework and partner with their healthcare provider to find ways to afford their medications. Fortunately, there are an increasing number of resources available to those who will take the time to compare prices and ask questions about their medications.

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