

How to Reduce Out-of-Pocket Costs for Prescription Medications

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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 to individuals in obtaining common medications. Due 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. 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 have traditionally been much less expensive than brand name drugs. However, generic drug prices have recently been rising rapidly. 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. Ask your pharmacist if it is safe to split your prescription medication pills.

OPTIMAL USE OF MEDICATIONS THAT ARE DIRECTLY APPLIED TO THE SKIN

The Fingertip Unit. 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. 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 can be found at the following website: <<http://www.patient.co.uk/health/fingertip-units-for-topical-steroids>>.

Frequency of Use of Topical Medications. 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 and 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. While samples are initially free, these new medications are generally expensive and in some cases a generic medication may be just as effective. 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, however 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. 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. Some 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 company 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 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. Examples 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 OR FOUNDATIONS

Pharmaceutical companies offer programs to provide free or low cost medications to uninsured people who cannot afford to buy their medicine for some brand name drugs. The patient must meet certain criteria. 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.

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 prepare medications that are different from commercially available forms. These pharmacies can formulate medications that are applied to the surface of the skin, taken by mouth or injected directly into tissues. State and federal laws direct and restrict what kinds of medications can be compounded. A pharmacist cannot copy the exact strength of an existing medication unless there are specific needs (e.g. 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) 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 that sell only commercially prepared medications.

One disadvantage of compounding is that medical insurers typically do not cover the cost of compounded formulations. However, 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 (such as Express Scripts, CVS Caremark, and Prime Therapeutics) work with a health care system or insurance company to negotiate lower prices on medications. These companies often provide discounts if 90 day 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.

Pharmaceutical Company-Pharmacy Partnerships

Some pharmaceutical companies now partner directly with individual pharmacies. They provide discount prices for medications sold by that specific pharmaceutical company. To utilize these partnerships, a physician sends a prescription to the pharmacy (usually out of state) and the medication is shipped to the patient. 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. However, online pharmacies are not regulated by the FDA and there is the possibility that medications from online pharmacies may be counterfeit, containing an inactive substitute instead of the active drug. To help consumers find legitimate online pharmacies, the National Association of Boards of Pharmacy designates online pharmacies with a "VIPPS" designation (<http://www.nabp.net/programs/accreditation/vipps/find-a-vipps-online-pharmacy>)

Price Matching

Increasingly, pharmacies will price match the lowest cost of medications at competing pharmacies. This requires the person to get a quote on the cost of a medication to present it to their preferred pharmacy for price matching.

PRICE SHOPPING FOR PRESCRIPTION MEDICATIONS

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

Several drug price transparency sites are available on the Internet. Examples of these price comparison sites include: <www.goodrx.com>, <www.werx.org>, <www.lowestmed.com/free>, <www.mobilerxcard.com/>. Patients can enter the name of a prescription medication (generic or brand-name) and their postal ZIP Code to get a listing of the prices of the medication at all pharmacies within a 15 mile radius. Medication costs can vary significantly among pharmacies.

To get the discount prices listed on these websites, the consumer often must print out a coupon (or download an e-coupon to their mobile device) from the website to show at the time of purchase.

Things to consider:

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.

As federal and state governments play an increasing role in the insurance of citizens, it is important to let our legislators know about these kind of increasing costs so that appropriate steps can be taken to prevent drug costs from continuing to rise to unaffordable levels.