

# Cost of Prescription Medications used by Elderly Patients in a Rural Illinois Community and the Proposed Medicare Prescription Drug Benefit

RMED COPC Project

Ford & Livingston Counties - Spring 2005

# Background

The population of America is growing older thanks in part to the help of medications. Our seniors are taking more and more prescription medications with ever-increasing costs. Many seniors have a difficult time paying for these medications.

Medicare Prescription Drug Benefit (“Part D”) has promised to help, but will it provide relief to the average senior citizen? This program is scheduled to be implemented in January, 2006.

# Methods – Purpose

The purpose of this project is to sample a population of Medicare-eligible senior citizens in rural Illinois using a written survey tool to assess the use of prescription drugs and the associated cost burden.

This project will focus on how this population pays for prescription medications and the frequency of use of medication insurance plans prior to the start of Medicare Part D.

# Methods – Survey Tool

- Surveys were placed in the waiting room of Gibson City Clinic and Forrest Family Practice for voluntary completion and collected anonymously
- The one-page survey was designed to be completed while patients were waiting
- 105 surveys were completed by adults in the one-month period
- This data is observational only and statistical significance is noted where it applies

# Methods – Study Limitations

- This study neglected to ask about annual income, which is used to determine monthly premium amounts and qualifying status for other financial assistance.
- Most patients do not know the full cost of medical care beyond the out-of-pocket insurance co-pay, including covered medications.
- It is regrettable that the medication cost limits used in the Medicare Part D benefit tiers were not available at the time the survey was created. This discrepancy only allows for approximate cost comparisons in the Conclusion. However, the conclusions available are still of significant interest.

# Study Population

- Rural population comprised of adults living in Ford & Livingston counties who presented to their primary care provider over a one-month period
- Census data indicates that <1% of the population is non-Caucasian, so ethnicity was not included on the survey tool
- Survey completion was voluntary, and only surveys completed by adults (>18 years) were collected for analysis

# Biographical Results

- Age & Gender Data
  - 74% Female (mean age 50.3)
  - 26% Male (mean age 62.3)
  - 31.7% of total were  $\geq$  65 years of age

# Results

## ■ Reported Number of Medications Used\*

- Of patients  $\geq$  65 years:
  - 3% used no medications
  - 21% used 1-3 medications
  - 39% used 4-7 medications
  - 36% used >8 medications

\* This project is trying to assess the cost burden of medications, and because the cost of medications vary depending on brand vs. generic, the number of medications is not as important, only interesting. As one can assume, the number did often correlate to cost, but not reliably.

# Results

- Reported Annual Medication Cost
  - Of patients  $\geq 65$  years:
    - 15% stated costs  $< \$250$
    - 66% stated costs  $\$250 - \$3000$
    - 15% stated costs  $\$3000 - \$6000$
    - 4% stated costs  $> \$12,000$
  - Significant when compared to the general population ( $p=.023$ )
  - \$250 is the annual deductible limit set by Medicare Part D

# Results

- Reported Payment Method for Medications\*
  - Of patients  $\geq 65$  years:
    - 25% paid the full price out of pocket
    - 75% claimed to have some form of medication insurance coverage

\*These values were not significantly different than those patients <65 years old

# Medicare Part D

- Tier levels for total medication cost\* (based on calendar year)
  - \$250 annual deductible
  - \$250-\$2250: patient pays 25%; Medicare pays 75%
  - \$2250-\$5100: patient pays 100% (“donut hole”— no benefits)
  - >\$5100 (\$3600 out-of-pocket): patient pays 5%; Medicare 95%
    - After \$3600 out-of-pocket, Medicare will cover 95% of the remaining medication costs for that calendar year

\*Specific limits set by law, based on the \$37 monthly (\$444 annual) premium which varies by individual income

- Many private insurers have contracted with Medicare to offer prescription benefits. Each private plan can vary the tiers shown above as long as the plan meets the minimum limits set forth by law. Plans may have higher or lower premiums depending on specific deductibles and tier limits.

# Study Conclusions

- 15% pay <\$250 annual deductible
  - Derive no benefit, yet still pay \$37 monthly premium (premium = \$444 annually—*more than cost of meds*)
- 66% pay \$250 - \$3000 annually
  - Patient pays \$250 deductible
  - Part D covers \$1500 of next \$2000 (patient pays \$500)
  - Patient must pay 100% of next \$750
  - Summary: if medications cost \$3000 annually
    - Patient pays \$1500 of total (in addition to \$444 annual premium)
    - Medicare pays the remaining \$1500

# Study Conclusions

- 15% pay \$3000 - \$6000 annually
  - Patient pays \$250 deductible
  - Patient pays 25% of the next \$2000 (total med cost =\$2250)
  - Patient pays 100% of next \$2850 (total med cost =\$5100)
  - When patient out-of-pocket expenses reach \$3600  
(“Catastrophic Coverage” begins at \$5100 total medication cost)
    - Patient pays 5% or \$45 (\$345 for total med cost of \$12000)
    - Medicare pays 95% or \$855 (\$6555 for total med cost of \$12000)
  - Summary: if medications cost \$6000 annually
    - Patient pays \$3645 of total (in addition to \$444 annual premium)
    - Medicare pays the remaining \$2355

# Final Summary

- *Medicare Prescription Drug Benefit* (“Part D”)
  - No question that Part D can dramatically help many senior citizens paying >\$3600 for medications
  - For seniors paying \$250 - \$3000 annually
    - Potential exists for those on the high end of this group to only pay ½ the medication cost
    - Potential exists for those on the low end to actually find the plan more expensive than having no plan at all
    - The regrettable flaw—this study is unable to distinguish within this tier, the point at which the plan benefits begin to be realized
  - Many private insurers are offering plans with slightly different benefit levels, premiums, and formularies
    - Yes, confusing for many, but shop around for the right plan!

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