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Making Prescription Drugs More Affordable-Tough Choices: An AARP Nebraska Member Survey

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January 2007



Making Prescription Drugs More Affordable-Tough Choices: An AARP Nebraska Member Survey

Report Prepared by Susan L. Silberman, Ph.D.

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Background

AARP Nebraska is concerned about the impact of prescription drug costs on its members and on the state. In 2005, Nebraska residents spent 1 billion dollars on prescription drugs filled at pharmacies.¹ For the 50-plus population, prescription drugs are an essential part of therapeutic medicine. Yet, many persons find it difficult to afford the medications they need. *Making Prescription Drugs More Affordable-Tough Choices: An AARP Nebraska Member Survey* assesses members' concerns about and experiences with prescription drug affordability, particularly their out-of-pocket costs and the financial hardships associated with paying for prescriptions.

In addition, this report examines members' opinions on several legislative proposals. The proposals include the creation of a bulk purchasing pool to negotiate prices with prescription drug companies, creating a centralized source of information, publicizing prescription drug prices, and giving consumers information that compares drugs for their safety and effectiveness. What these proposals could do is lower prescription drug prices statewide and lower consumer prescription drug costs.

Methodology

AARP commissioned Woelfel Research, Inc. to conduct a telephone survey from a list of randomly selected AARP members in Nebraska. A total of 800 interviews were completed. The survey was conducted between December 11 and December 27, 2006.² The survey has a sampling error of plus or minus 3.5 percent.³ Survey responses were weighted to reflect the distribution of the age segments in the member population of Nebraska. As of December 2006, the number of AARP members in Nebraska was 206,431. Weighted responses to all survey questions are in the attached annotated questionnaire.

¹ Nebraska: <http://www.statehealthfacts.org/cgi-bin/healthfacts.cgi?action=profile&area=Nebraska&category=Health+Costs+%26+Budgets&subcategory=Prescription+Drugs&topic=Total+Sales+for+Retail+Rx+Drugs>

² The response rate is 18 percent and the cooperation rate is 93 percent. The response rate is Response Rate 3 and the cooperation rate is Cooperation Rate 3 (AAPOR, 2006).

³ This means that in 95 out of 100 samples of this size, the results obtained in the sample would fall in a range of +/-3.5 percentage points of what would have been obtained if every AARP member in Nebraska had been surveyed.

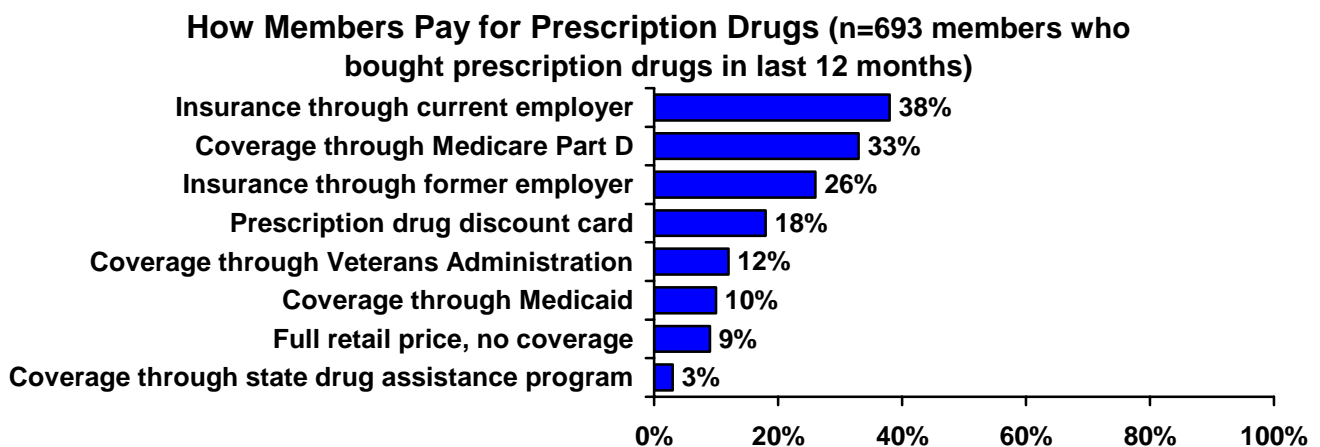
Highlights

- More than one-quarter of Nebraska members report that paying for their prescription drugs has been a major or minor problem for them. Over eight in ten report they have taken one or more actions to reduce the cost of their medications in the past 12 months. The most common action is asking for and purchasing generic drugs when available; however, one in ten have taken less medicine than prescribed and one in twelve have cut back on food, fuel, or electricity and not filled or delayed filling a prescription.
- One-quarter of Nebraska members who used prescription drugs in the past year paid \$100 or more per month in out-of-pocket costs for those medications.
- More than half of all members, including those not currently taking prescription drugs, are concerned about being able to afford the cost of needed prescription drugs over the next two years.
- Nebraska members express a strong desire for access to information on prescription drugs and information about prescription drug costs.
 - Over eight in ten support the state developing information comparing the safety and effectiveness of prescription drugs in order to help consumers and doctors choose the best drug for the best price.
 - More than three in four support making Pharmacy Benefit Managers (PBMs) and drug manufacturers disclose prescription drug price negotiations.
 - More than three in four support the creation of a prescription drug bulk purchasing pool.

Findings

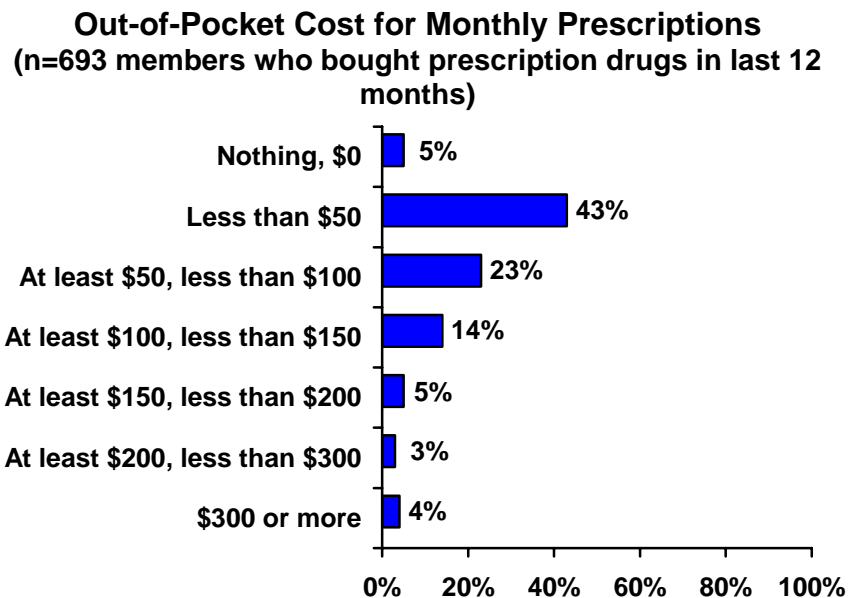
Most Nebraska members have bought a prescription drug within the last 12 months and receive some help paying for their prescription drugs.

For the 50-plus population, prescription drugs are an essential part of maintaining well-being. Over eight in ten (87%) members have bought a prescription drug within the last 12 months. Most members receive some form of help paying for their prescription drugs. In fact, nine in ten members rely on at least one source for prescription drug assistance. While about three in ten have coverage through their own or their spouse's current or former employer, three in ten have coverage through a Medicare Part D plan. It is noteworthy that one in ten have no coverage and pay full retail price for their prescriptions.



Out-of-pocket expenses for prescriptions vary considerably among Nebraska members.

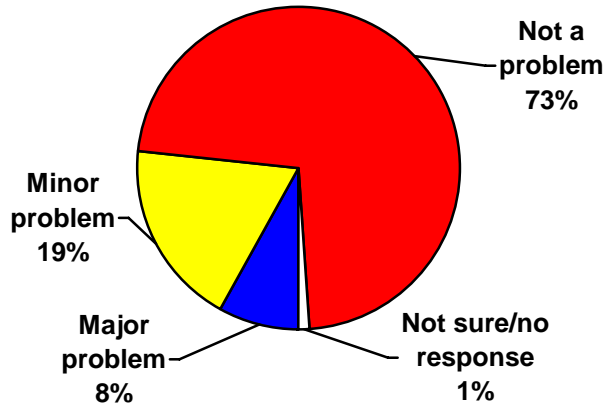
The amount of out-of-pocket expenses paid for prescriptions varies. Among members who have purchased a prescription drug within 12 months prior to the survey, more than four in ten paid less than \$50 a month for their prescriptions; one quarter paid between \$50 and \$100; and one in four members paid over \$100 per month. Five percent say they had no out-of-pocket expenses for prescription drugs.



Three-quarters of Nebraska members who purchased prescription drugs in the past year experienced problems paying for those prescriptions.

Within the 12 months prior to the survey, over eight in ten (87%) Nebraska members have bought a prescription drug. Of those members who have purchased a prescription drug within the 12 months prior to the survey, one in twelve report that paying for prescription drugs has been a major problem, while another one in five say paying has been a minor problem. Seventy-three percent report no problem paying.

Problem Paying for Prescription Drugs
(n=693 members who bought prescription drugs in last 12 months)*

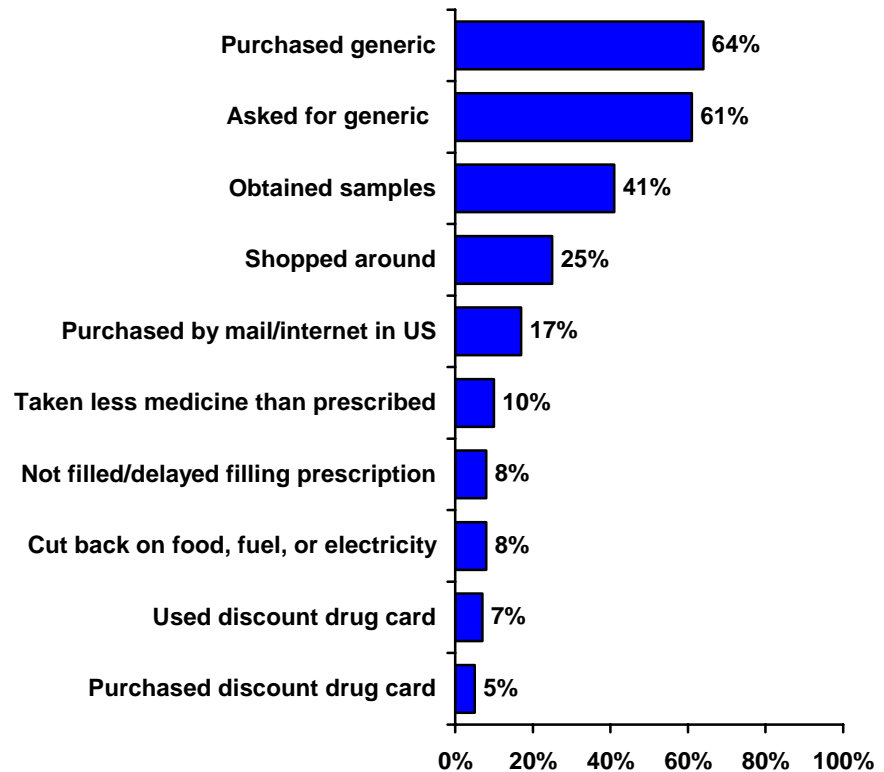


* Total may not add up to 100% due to rounding

More than eight in ten Nebraska members have taken measures to reduce their prescription drug expenses.

Of the eighty-seven percent of Nebraska members who bought a prescription drug in the last 12 months, all have taken actions to reduce their out-of-pocket spending. The most direct action members have taken is asking for and purchasing generic prescriptions to save money. Six in ten purchased generic drugs because it cost less and another six in ten asked their doctor or pharmacist for generic drugs instead of name brands when available. Some members have taken more serious steps to be able to afford their prescription drugs. One in ten have taken less medicine than prescribed; one in twelve have not filled or delayed filling a prescription or cut back on necessities to afford prescription drugs.

Actions to Reduce Out-of-Pocket Prescription Drug Costs
(n=693 who bought prescription drugs in last 12 months)

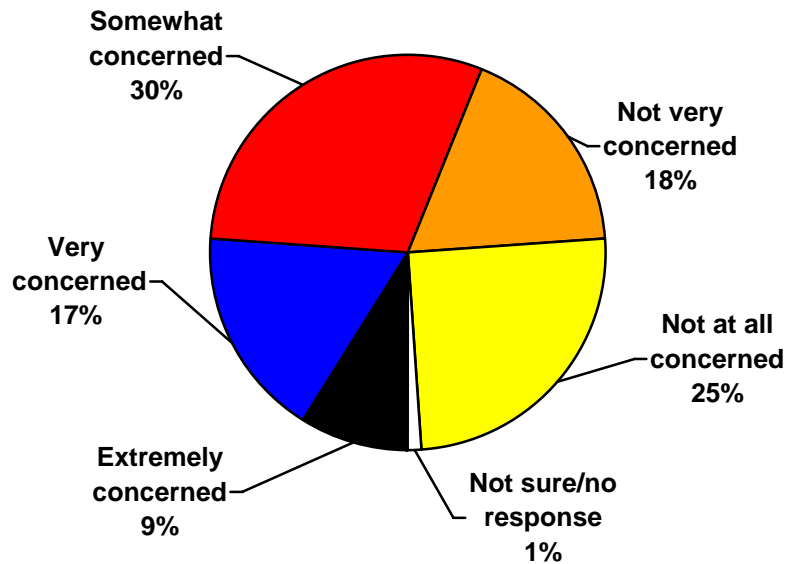


Over half of all Nebraska members are concerned about their ability to pay for prescription drugs in the future.

While more than three in four members consider their health as good or very good, member concern about affording prescription drugs over the next two years is high: over half are extremely, very, or somewhat concerned.

Members with a high school degree or less are more likely to be concerned about being able to afford prescription drugs than those with higher education (33% versus 22%).

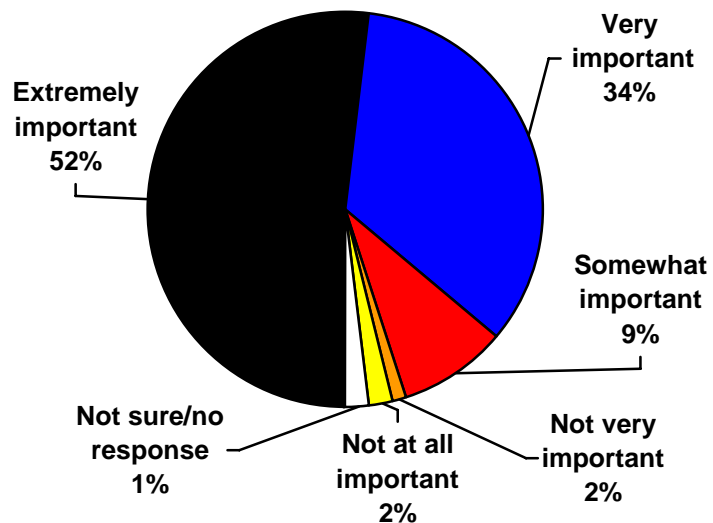
Concern About Being Able to Afford Prescription Drugs Over the Next Two Years (N=800)



More than eight in ten Nebraska members believe it is important for the state to work toward making prescription drug costs more affordable.

Prescription drug affordability is important to Nebraska members. Over eight in ten Nebraska members, including those who do not take prescription drugs or receive state-funded prescription drug coverage, say it is extremely or very important for the state to work toward making prescription drug costs more affordable to Nebraska residents.

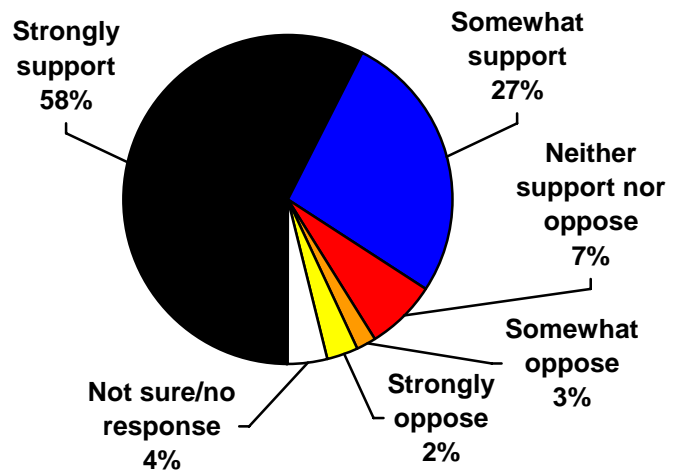
Importance of State of Nebraska Working Toward Making Prescription Drug Costs More Affordable (N=800)



More than eight in ten of all members support legislation that would allow Nebraska residents to reduce the cost of prescription drugs.

Currently, there is a proposal in the state of Nebraska to allow middle and low-income individuals with no prescription drug coverage to purchase prescription drugs at the same price that Medicaid pays for prescription drugs. This program would have little cost to the state. Over four in five (84%) members support offering this type of program.

Support or Opposition to State Prescription Drug Discount Program for Middle and Low-Income Residents (N=800)*



*Total may not add up to 100% due to rounding

Most members support legislative proposals that provide them information about prescription drugs or disclose negotiations regarding the cost of prescription drugs.

There have been several legislative proposals addressing the cost of prescription drugs. Some proposals are focused on helping people find ways to save money on their prescription drugs and some are focused on ways to lower the price of prescription drugs. Members were asked about five legislative proposals; one was related to helping people save money on their prescription drugs and four were related to lowering the price of prescription drugs.

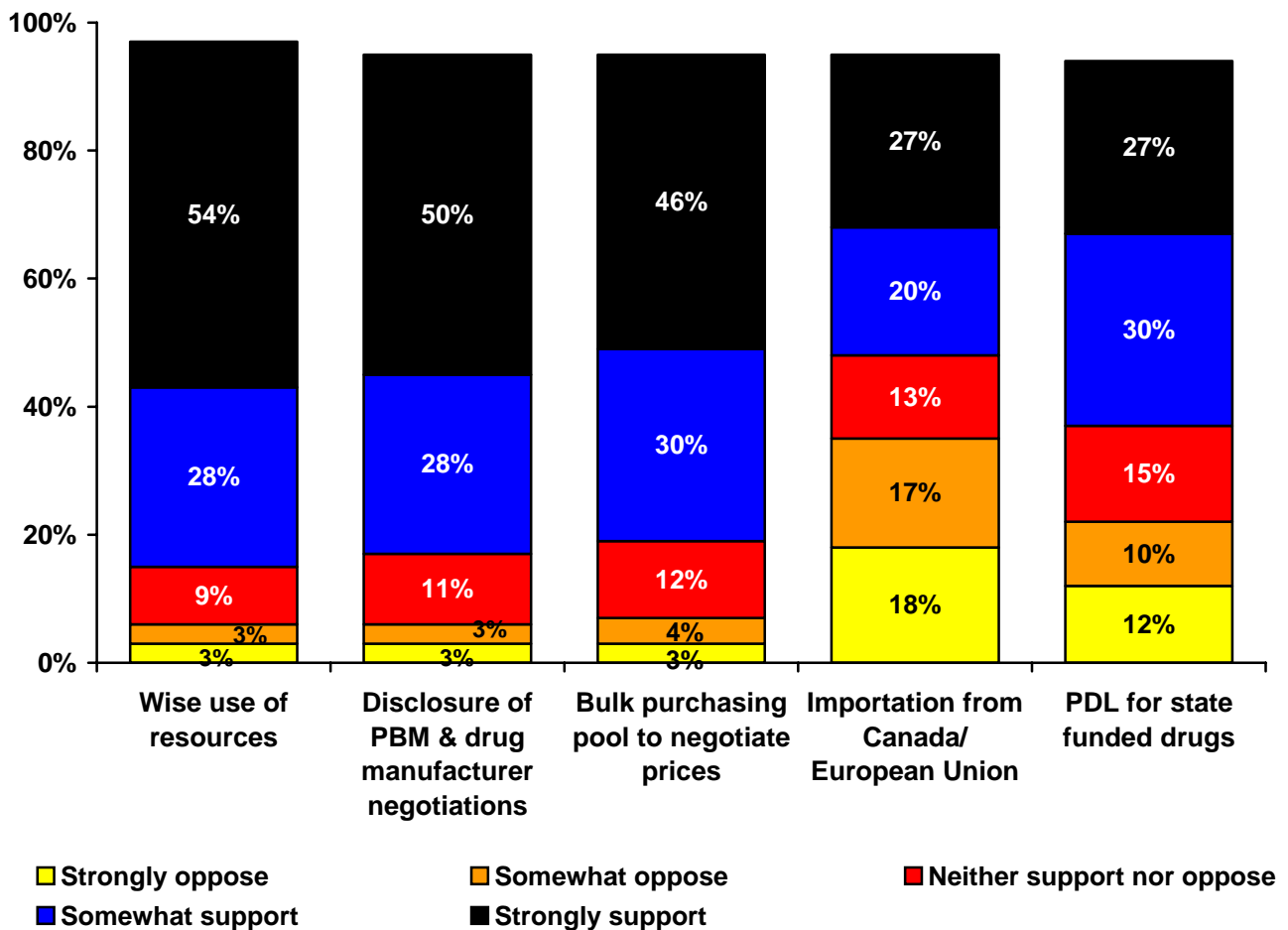
The proposal related to helping people save money involved the development of information comparing the safety and effectiveness of prescription drugs in order to help consumers wisely choose the best drug at the best price. The four proposals related to lowering the price of prescription drugs asked members about: preferred drug lists (PDLs), bulk purchasing pools, the legalization of importing prescription drugs from Canada or the European Union, and making Pharmacy Benefit Managers (PBMs, the middlemen for government and employers who negotiate prices on prescription drugs) and drug manufacturers disclose negotiations on prescription drug prices. After being provided background information, members were asked how strongly they support or oppose each of the legislative proposals.⁴

⁴ Refer to the annotation in the Appendix for the complete question wording.

Members overwhelmingly support legislation that provides them information about prescription drug costs. More than eight in ten members strongly or somewhat support legislation that would provide them and their physicians with information to make informed decisions about the best prescription drugs at the best price. A similar amount (78%) support making Pharmacy Benefit Managers and drug manufacturers disclose prescription drug price negotiations. It is proposed that disclosing these negotiations will make Pharmacy Benefit Managers more accountable to consumers. Another three in four (77%) support Nebraska creating a bulk purchasing pool to negotiate with prescription drug companies for lower prices.

Fewer members support legislation that would limit their prescription drug choices. Almost six in ten support the adoption of a preferred drug list for state prescription drug assistance programs. Interestingly, members are divided on the importation issue. Forty-eight percent of all Nebraska members surveyed say they support the importation of prescription drugs from Canada or the European Union, but thirty-five percent say they oppose such importation.

**Support or Opposition to Prescription Drug Legislative Proposals
(N=800)**



Conclusions

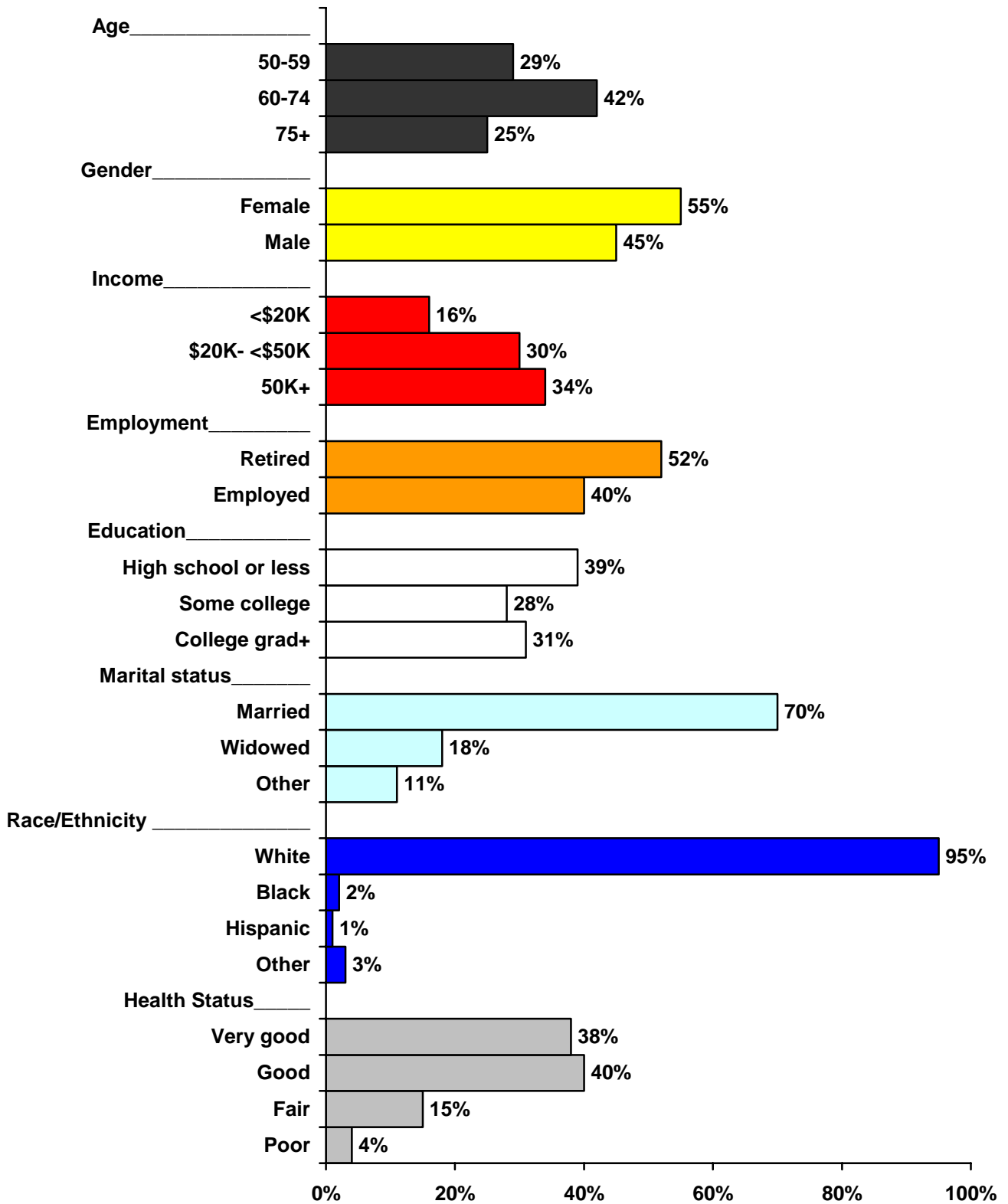
The cost of prescription drugs is a major concern for Nebraska members. Nearly all report that they have purchased a prescription drug in the past twelve months. While most members have at least one source of prescription drug assistance, one in ten do not, and one quarter of members who purchase prescription drugs indicate that paying for their medications has been a major or minor problem for them. More than half of all members are concerned about being able to pay for prescription drugs in the future. This is not surprising since one in four members who have purchased prescription drugs spent \$100 or more per month out-of-pocket for their prescription drugs.

Over the past 12 months, more than eight in ten members have taken one or more steps to help them afford the cost of their medications. While some steps may represent appropriate cost saving actions such as asking for and purchasing generic drugs when available, one in ten members are taking potentially risky actions such as taking less medication than prescribed while one in twelve members are delaying filling a prescription and are not filling a prescription at all in order to afford the cost of their medications.

Members are supportive of strategies that could help them control their prescription drug costs and make informed decisions about medications. Members believe it is important for the state to work towards making prescription drug costs more affordable and support legislation that would allow middle and low-income residents to purchase prescription drugs at the same price Medicaid pays.

Given members' strong desire for more information on prescription drugs and ways to help them afford these medications, AARP Nebraska should work on providing members with a source of information on prescription drug prices, safety, and effectiveness. In addition, AARP Nebraska members would like to see information about the disclosure of negotiations for prescription drug prices between Pharmacy Benefit Managers and drug manufacturers. Nebraska members would likely vote on legislation regarding drug issues. More than nine in ten members say that they have always voted (81%) or sometimes missed one election (14%) in the last ten years.

Demographic Characteristics of Respondents (N = 800)



APPENDIX

Annotated Questionnaire

2006 Prescription Drug Survey

AARP Members Weighted N = 800; Response Rate = 18%; Sampling Error = +/- 3.5%

(Percentages may add to more than 100% due to rounding)

1. Have you bought a prescription drug within the last 12 months or since last December?

<u>%</u>	
87	Yes
13	No

2. How do you pay for your prescription drugs when you need them? (n=693 Members who bought a prescription drug in the last 12 months)

<u>%</u>	
9	Pay full retail price, without any discount or insurance coverage
38	Have insurance through an employer or your spouse's employer that pays all or part of the cost
26	Have insurance through your former employer or your spouse's former employer that pays all or part of the cost
18	Have a prescription drug discount card from a pharmaceutical company or pharmacy
10	Have coverage through Medicaid
3	Have coverage through a state drug assistance program
33	Have coverage through a Medicare Part D plan
12	Have coverage through the Veterans Administration
17	Other

3. Thinking about all of the prescriptions you had filled in the last 12 months or since last December, on average, about how much have you spent each month out of your own pocket for your prescriptions – that is money you did not get reimbursed for? (n=693 Members who bought a prescription drug in the last 12 months)

<u>%</u>	
5	Nothing - \$0
43	Less than \$50 each month
23	At least \$50 but less than \$100 each month
14	At least \$100 but less than \$150 each month
5	At least \$150 but less than \$200 each month
3	At least \$200 but less than \$300 each month
4	\$300 or more each month
4	Not sure
<.5	Refused

4. In the last 12 months, has paying for prescription drugs been a major problem, a minor problem, or not a problem for you? (n=693 Members who bought a prescription drug in the last 12 months)

<u>%</u>	
8	A major problem
19	A minor problem
73	Not a problem
1	Not sure

5. Many people face difficult decisions when buying prescription drugs. In the last 12 months, have you done any of the following? (n=693 Members who bought a prescription drug in the last 12 months)

<u>%</u>	
8	a. Not filled or delayed getting a prescription filled because you didn't have enough money to pay for it
10	b. Taken less medicine than your doctor prescribed to make it last longer
8	c. Cut back on items such as food, fuel, electricity, or utilities to be able to afford a prescription drug
17	d. Purchased your prescription drugs by mail or internet from a company in the US because they cost less
61	e. Asked your doctor or pharmacist for generic prescription drugs instead of brand name drugs when generics are available?
41	f. Obtained samples from your physician in order to save money
64	g. Purchased a generic drug because it cost less
7	h. Used a discount program offered by a drug company
5	i. Purchased a drug discount card
25	j. Shopped around for the best price

6. How concerned are you about being able to afford the cost of needed prescription drugs over the next two years? Would you say you are....

<u>%</u>	
9	Extremely concerned
17	Very concerned
30	Somewhat concerned
18	Not very concerned
25	Not at all concerned
1	Not sure
0	Refused

7. Even if you have not taken prescription drugs in the past 12 months, how important is it to you that the state of Nebraska work toward making prescription drug costs more affordable to Nebraska residents? Would you say it is....

<u>%</u>	
52	Extremely important
34	Very important
9	Somewhat important
2	Not very important
2	Not at all important
1	Not sure
1	Refused

Now I would like to ask your opinion about some legislative proposals.

8. One proposal to make prescription drugs more affordable is for the state to create a prescription drug purchasing pool made up of state agencies, private businesses, and individual consumers who choose to enroll. Through bulk buying, this pool could then negotiate with drug companies for lower prices, and the savings would be passed on to the consumers, businesses, and agencies that enroll.

How strongly do you support or oppose Nebraska creating a bulk purchasing pool to negotiate with prescription drug companies for lower prices? Do you....

<u>%</u>	
46	Strongly support
30	Somewhat support
12	Neither support nor oppose
4	Somewhat oppose
3	Strongly oppose
5	Not sure
<.5	Refused

9. Another proposal to make prescription drugs more affordable is to legalize purchasing prescription drugs from Canada or the European Union. Some say this proposal will enable many people to purchase their prescription drugs at lower prices. Others say that it will lead to ineffective or unsafe drugs being imported into the country.

After hearing these arguments, how strongly do you support or oppose allowing the legal importation of prescription drugs from Canada or the European Union? Do you....

%

27	Strongly support
20	Somewhat support
13	Neither support nor oppose
17	Somewhat oppose
18	Strongly oppose
3	Not sure
1	Refused

10. Several states are developing information comparing the safety and effectiveness of prescription drugs in order to help consumers and doctors choose the best drug at the best price. This information can help consumers lower the price that they pay for their prescription drugs, find generic drug choices to use, and learn about safety information such as drug interactions and side effects.

How strongly do you support or oppose the use of this information as one way to help consumers and doctors choose the best prescription drugs at the best price? Do you....

%

54	Strongly support
28	Somewhat support
9	Neither support nor oppose
3	Somewhat oppose
3	Strongly oppose
4	Not sure
1	Refused

11. Preferred drug lists are one method of controlling rising prescription drug costs in prescription drug assistance programs such as Medicaid. A state preferred drug list would include the safest and most effective prescription drugs. The state can negotiate lower prices for the drugs on the list because they purchase them in large quantities from pharmaceutical companies. If a patient wants a prescription drug that is not on the preferred drug list, doctors must seek approval to prescribe the medication.

How strongly do you support or oppose Nebraska adopting a preferred drug list for use in state-funded prescription drug programs? Do you....

<u>%</u>	
27	Strongly support
30	Somewhat support
15	Neither support nor oppose
10	Somewhat oppose
12	Strongly oppose
6	Not sure
1	Refused

12. Pharmacy Benefit Managers act as middlemen for government and employers by negotiating prices on prescription drugs. Some states are attempting to make Benefit Managers more accountable to make sure that government, employers, and consumers obtain the best prices possible.

How strongly do you support or oppose disclosure of negotiations between Pharmacy Benefit Managers and drug manufacturers to reduce the price that consumers pay for prescription drugs? Do you....

<u>%</u>	
50	Strongly support
28	Somewhat support
11	Neither support nor oppose
3	Somewhat oppose
3	Strongly oppose
5	Not sure
1	Refused

13. There has been a proposal to allow persons with limited incomes and no prescription drug coverage to purchase drugs at the same price that Medicaid pays for prescription drugs. This program would have little cost to the state.

How strongly do you support or oppose Nebraska offering this type of state prescription drug discount program for low and middle-income individuals without prescription drug coverage? Do you....

<u>%</u>	
58	Strongly support
27	Somewhat support
7	Neither support nor oppose
3	Somewhat oppose
2	Strongly oppose
4	Not sure
1	Refused

Demographics

The following questions are for statistical classification purposes only and will be kept entirely confidential.

D1. RECORD RESPONDENT'S GENDER

<u>%</u>	
45	Male
55	Female

D2. What is your age as of your last birthday? [IN YEARS] _____

<u>%</u>	
1	Under 50
29	50-59
42	60-74
25	75+
3	Refused

D3. What is your current marital status?

<u>%</u>	
70	Currently Married
1	Currently living with partner/significant other
18	Widowed
7	Divorced
<.5	Separated
3	Never Married
2	Not sure

D4. What is the highest level of education that you completed?

<u>%</u>	
4	Less than high school
35	High school graduate or equivalent
28	Some college or technical training beyond high school
17	College graduate (4 years)
15	Post graduate or professional degree
<.5	Not sure
2	Refused

D5. Which of the following best describes your current employment status?

<u>%</u>	
27	Employed or self-employed full-time
13	Employed or self-employed part-time
52	Retired and not working
1	Unemployed and looking for work
2	Homemaker
3	Disabled
<.5	Something else (specify)
1	Refused

D6. Are you of Hispanic, Spanish, or Latino origin or descent?

<u>%</u>	
1	Yes
98	No
<.5	Not sure
1	Refused

D7. What is your race?

<u>%</u>	
95	White / Caucasian
2	Black/African American
1	Native American
1	Other [Please Specify: _____]
<.5	Not sure
2	Refused

D8. Thinking about your state elections for Governor and Legislators in the last ten years, which of the following best describes your voting behavior? Would you say you always vote, sometimes miss one, rarely vote, or never vote?

<u>%</u>	
81	Always vote
14	Sometimes miss one
2	Rarely vote
2	Never vote
<.5	Not sure
2	Refused

D9. For statistical purposes only, please stop me when I get to your household income level, before taxes, for 2005:

<u>%</u>	
4	Less than \$10,000
12	\$10,000 to less than \$20,000
16	\$20,000 to less than \$35,000
14	\$35,000 to less than \$50,000
11	\$50,000 to less than \$60,000
8	\$60,000 to less than \$75,000
16	\$75,000 and above
3	Not sure
17	Refused

D10. What is your 5-digit zip code? _____

D11. In what county do you live? _____

D12. In the last 12 months, have you accessed the Internet from your home or work, or from some other source such as your local library?

<u>%</u>	
56	Yes, from home
22	Yes, from work
6	Yes, from some other source
37	No
<.5	Not sure
3	Refused

D13. How would you describe your health?

<u>%</u>	
38	Very good
40	Good
15	Fair
4	Poor
<.5	Not sure
2	Refused

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