A decorative graphic is present on the page. It features a large, thin, light-brown arc that starts near the top right and curves down towards the bottom right. A horizontal line and a vertical line intersect at the end of this arc, with a small yellow square at the intersection point. Another small yellow square is located at the bottom right corner of a green rectangular area in the top left corner of the page.

Prescription Drug Affordability: AARP Survey of Hispanic New Yorkers

January 2006



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**Data collected by Opinion Access, Corp.
Report Prepared by Katherine Bridges and Erica Dinger**

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AARP is a nonprofit, nonpartisan membership organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. We produce *AARP The Magazine*, published bimonthly; *AARP Bulletin*, our monthly newspaper; *AARP Segunda Juventud*, our bimonthly magazine in Spanish and English; *NRTA Live & Learn*, our quarterly newsletter for 50+ educators; and our Web site, www.aarp.org. AARP Foundation is our affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Acknowledgements

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Background

Spending on prescription drugs is one of the fastest growing components of health-care expenditures in the United States.¹ Although there are many reasons, a Kaiser Family Foundation analysis credits the increase to: the number of prescriptions, the change to newer and higher-priced drugs, price increases by manufacturers, and direct-to-consumer advertising as main factors in the rising cost of prescription drugs.²

In 2003, the average price of a retail prescription in New York was \$63.34, ten dollars more than the average U.S. cost of a retail prescription.³ In addition, from June 2004 to June 2005, prices for brand name prescription drugs used most commonly by older Americans rose 6.1 percent.⁴ This increase was more than twice the rate of inflation.

Prescription drugs are big business in New York. In 2003, retail prescription sales in New York totaled over 1.2 billion dollars.³ A review of corporate annual reports found that out of every \$100 spent by pharmaceutical companies, \$31 goes to marketing, advertising, and administrative costs, while only \$13 goes to research and development.⁵ Most of this marketing money, an estimated \$19.1 billion in 2001, is directed at physicians. About five billion dollars a year is spent on the sales activities of drug representatives directed toward physicians, such as meals, gifts, and entertainment.²

This study was commissioned by AARP New York to gauge how Hispanic residents in the New York City Metropolitan region are being affected by the costs of prescription drugs. In addition, residents were asked about legislation to address prescription affordability, such as a bulk purchasing plan to reduce prescription drug costs, posting retail drug prices on a webpage, adopting an evidence-based preferred drug list, and requiring drug manufacturers to report how much they spend on marketing prescription drugs.

The present report is based on data from a telephone survey of 800 individuals age 18 and older who identified themselves as Hispanic or Latino and reside in the New York Metropolitan area. The survey was conducted from November 9 through November 27, 2005. The survey has a sampling error of +/-3.5%. The full methodology is provided on page 7, and the questionnaire is contained in the appendix of this report.

¹ Centers for Medicare and Medicaid Services: National Health Expenditure Data, Retrieved January 19, 2006 at http://www.cms.hhs.gov/NationalHealthExpendData/03_NationalHealthAccountsProjected.asp#TopOfPage.

² The Henry J. Kaiser Family Foundation: *Impact of Direct-To-Consumer Advertising on Prescription Drug Spending* (June, 2003). Retrieved January 19, 2006 at <http://www.kff.org/rxdrugs/6084-index.cfm>

³ The Henry J. Kaiser Family Foundation Trends and Indicators in the Changing Health Care Marketplace. 2004 update. Exhibit 1.19: Retail Prescriptions by State, 2003. Retrieved January 19, 2006 at <http://www.kff.org/insurance/7031/print-sec1.cfm>.

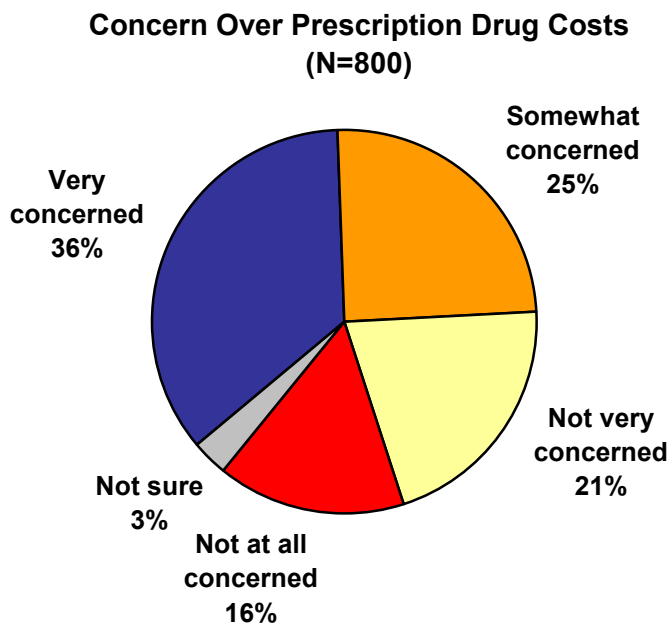
⁴ AARP: *Trends in Manufacturers Prices for Brand Name Drugs Most Commonly Used by Older Americans – Second Quarter 2005 Update* (2005). Washington, DC. Retrieved January 19, 2006 at http://assets.aarp.org/rgcenter/health/dd128_drugprices.pdf

⁵ National Health Policy Forum: *Pharmaceutical Marketplace Dynamics*, Issue Brief, 755. Retrieved January 19, 2006 at http://www.nhpf.org/pdfs_ib/IB755_RxMarketplace_5-31-00.pdf

Findings

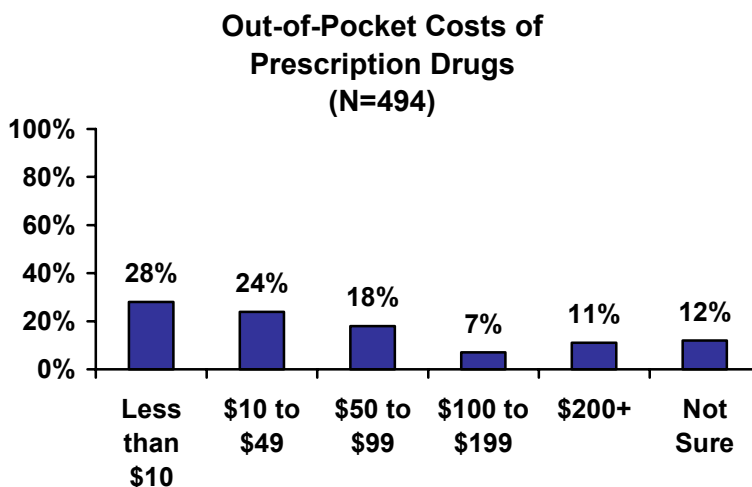
Almost two-thirds of Hispanic New Yorkers say they are concerned about paying for prescription drugs.

Six in ten (61%) Hispanic New Yorkers say they or a family member have purchased a prescription drug in the last year, and nearly half of these individuals say that paying for prescription medication in the last twelve months has been a problem for them (25% major problem; 23% minor problem). Moreover, almost two-thirds of Hispanic New Yorkers are very or somewhat concerned about being able to afford the cost of needed prescription drugs over the next two years.



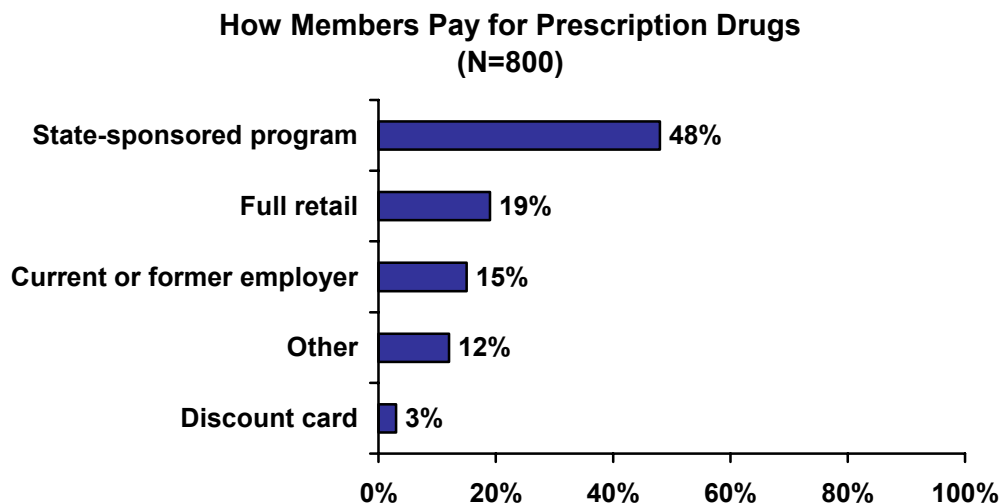
One-fifth of Hispanic New Yorkers spend at least \$100 a month out-of-pocket for prescription drugs.

Of those who have purchased prescriptions in the last year, nearly one in five reports spending at least \$100 out-of-pocket each month for prescription drugs, and a similar proportion spend \$50 to \$99 a month.



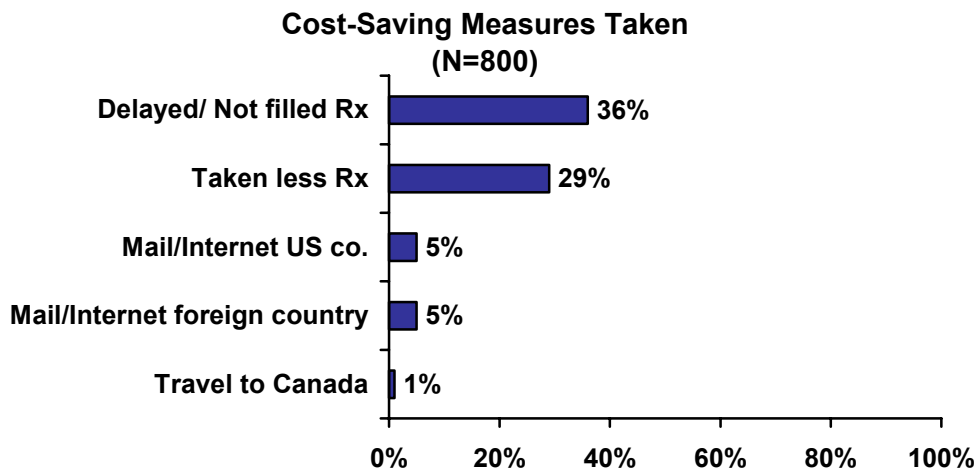
One in five Hispanic New Yorkers bear the full retail costs of their prescription drugs.

One in five Hispanic New Yorkers pay the full cost of their prescription drugs out-of-pocket. Nearly half are part of a state-sponsored program, such as EPIC or Medicaid, which helps with prescription drug costs. Only fifteen percent have assistance paying for their prescriptions through an employer—either their own or their spouses’—and very few report using a prescription discount card.



More than one-third Hispanic New Yorkers have delayed or not filled a prescription because they could not afford it, and nearly as many have taken less medication than was prescribed to make it last longer.

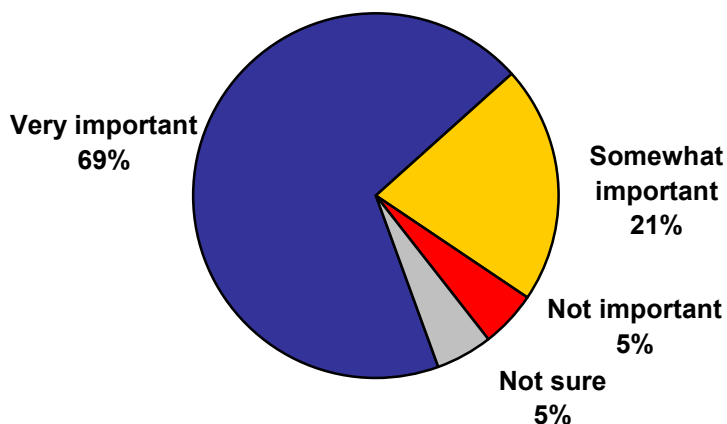
Hispanic New Yorkers included in the survey were asked about the actions they have taken in order to save money on prescription costs: More than one-third say they have delayed or not filled a prescription because they could not afford it. Nearly as many have taken less medicine than was prescribed to make it last longer. Comparatively, very few Hispanic New Yorkers say they have ordered drugs through the mail or the Internet or traveled to Canada to purchase prescriptions in order to save money.



Ninety percent of Hispanic New Yorkers say it is important for the State to provide access to information that compares the safety and effectiveness of prescription drugs.

Many states have begun providing consumers with information about the safety and effectiveness of prescription drugs in order to help consumers, doctors, and pharmacists choose the best medication at the best price. Seven in ten Hispanic New Yorkers say it is very important for the State to provide access to this type of information, while another two in ten say it is somewhat important.

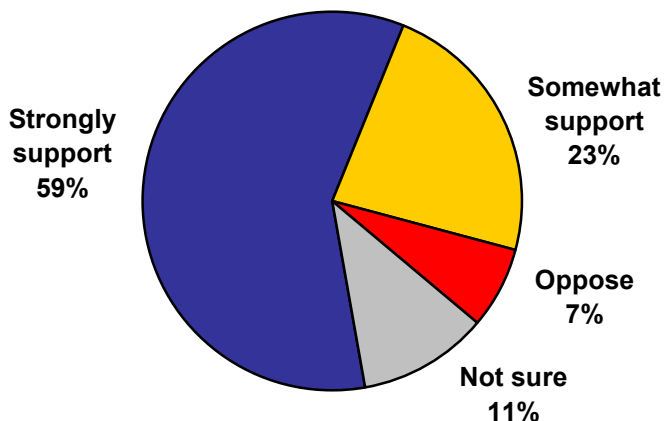
Importance of Information Comparing the Safety and Effectiveness of Prescription Drugs (N=800)



Eight in ten Hispanic New Yorkers support the State adopting a preferred drug list.

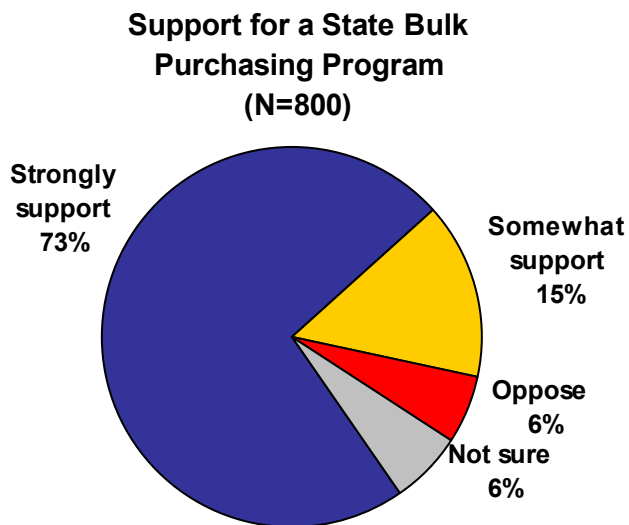
A preferred drug list is a list of prescription drugs chosen by an independent panel of physicians and pharmacists for their safety and effectiveness first and their cost second. This is an important tool to help states negotiate lower prices on drugs for consumers. More than eighty percent of New York Hispanics say that they support the state adopting a preferred drug list as described as a means of reducing prescription costs.

Support for a Preferred Drug List (N=800)



Interestingly, those who purchase their prescriptions through a state-sponsored program show similar support (63% strongly support) for the State adopting a preferred drug list as those who purchase their prescriptions on their own (74%) or through an employer-sponsored insurance plan (57%).

Nearly ninety percent of Hispanic New Yorkers support legislation that allows the State to establish a bulk purchasing program for prescription drugs.

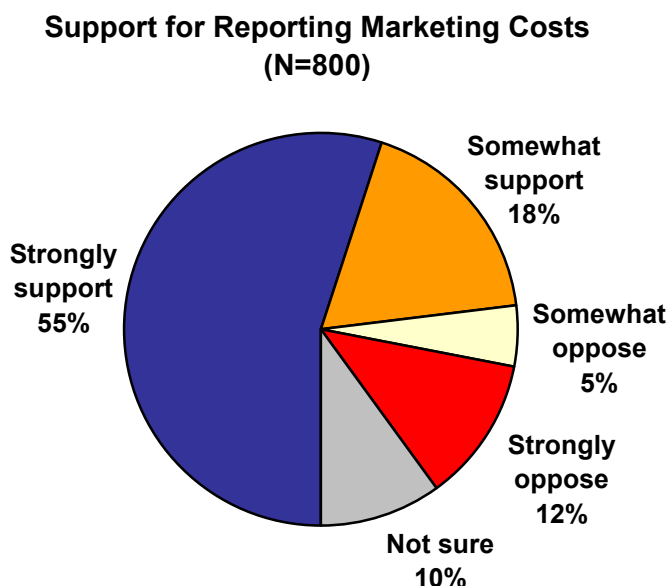


A bulk purchasing program would allow New York to increase its purchasing power to obtain discounts on prescription drugs from manufacturers. Savings from this bulk purchasing plan could be used to help lower the cost of prescription drugs for those participants without prescription drug coverage.

About nine in ten Hispanic New Yorkers support legislation enabling the State to establish a bulk purchasing program and pass the savings on to those without adequate drug coverage.

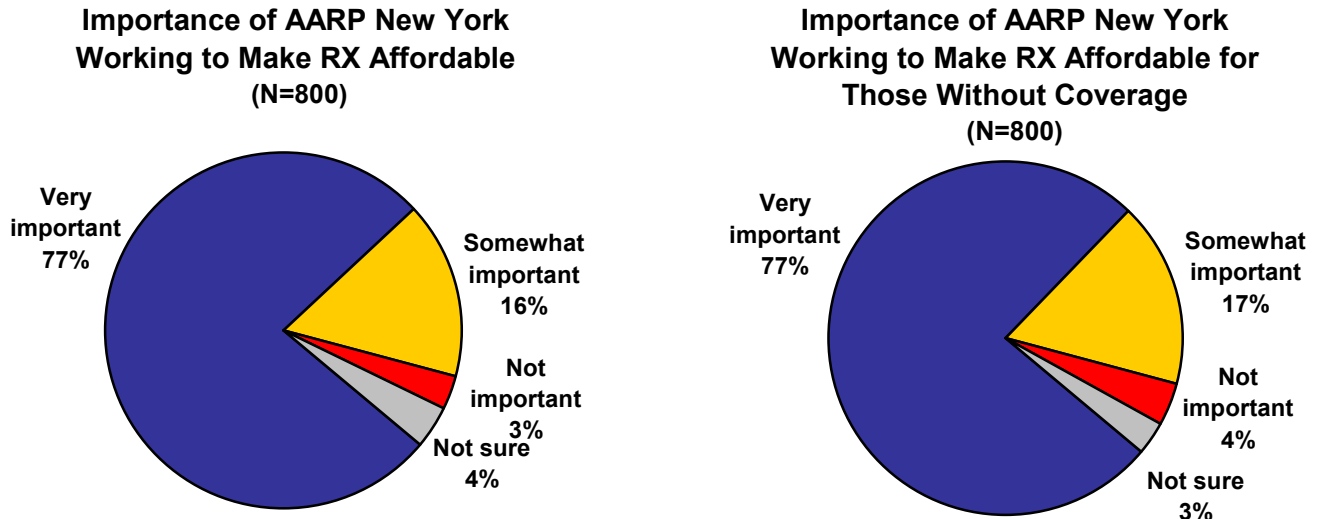
Three-quarters of Hispanic New Yorkers support legislation that would require drug manufacturers to report how much they spend on marketing.

Currently, pharmaceutical companies market expensive new drugs to physicians and may offer them gifts, free meals, trips, and entertainment. Some experts believe that such marketing tactics may encourage physicians to prescribe more expensive medication when less expensive and equally effective alternatives exist. More than half of Hispanic New Yorkers strongly support legislation that would require drug manufacturers to report how much they spend on marketing, and another one in five somewhat support such legislation.



Nearly all Hispanic New Yorkers say it is important for AARP New York to work to make prescription drugs more affordable, especially for those without coverage.

Ninety-three percent of those surveyed say it is important for AARP to work to make prescription drugs affordable for New Yorkers. Moreover, the same percentage also says it is important for AARP New York to work to make prescription drugs affordable for New Yorkers *who do not have prescription drug insurance coverage*.



Summary

Most Hispanic New Yorkers have purchased prescription drugs in the past year. Of these purchasers, nearly half feel paying for prescriptions has been a problem for them: more than a third estimate spending at least \$50 a month out-of-pocket. Moreover, the majority of Hispanic New Yorkers are worried about being able to afford the cost of those drugs in the coming years. Currently, fewer than one in six has coverage through an employer and one in five bear the entire retail cost of their prescription drugs. In order to save money on their prescription drugs, many Hispanic New Yorkers have taken measures that could potentially be harmful to their health: thirty-six percent have delayed filling a prescription because they did not have enough money to pay for it and three in ten have taken less medicine than prescribed to make it last longer.

An overwhelming number of Hispanic New Yorkers support legislation to help lower the cost of prescription drugs and provide them with more information to help reduce their prescription drug expenditures.

- 90% say it is important for New York to provide access to information about the safety and effectiveness of prescription drugs.
- 88% support legislation that would allow the state to establish a bulk purchasing program for prescription drugs.
- 82% support the state of New York adopting a preferred drug list.
- 73% support legislation that would require drug manufacturers to report how much they spend on marketing.

Nearly all surveyed want AARP New York to work on making prescription drugs more affordable especially for those without prescription drug coverage. In response, AARP New York has designated prescription drug affordability as a legislative priority in 2006. As the prices of prescription drugs continue to rise, this issue will only become more important to all New Yorkers who buy prescription drugs.

Methodology

This telephone survey of Hispanics living in the New York Metropolitan area was conducted by Opinion Access Corporation between November 7 and November 27, 2005. Since the majority of the New York Hispanic/Latino population is clustered in the New York Metropolitan region, a sampling method was used to enable interviewers to reach respondents who are highly representative of Hispanics in New York State. The sample was developed by using U.S. Census data to identifying zip codes that have at least 30 percent of the households headed by a Hispanic individual in the New York Metropolitan area (Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk, and Westchester counties). Once identified, these zip codes were matched with telephone area codes and exchanges, from which households were randomly called using a random-digit-dialing technique. The sampling error for this study is +/- 3.5 percent.

Annotated Questionnaire

2005 AARP New York Prescription Drug Survey

N=800 New York City Metropolitan Area Hispanic Residents

Introduction/Screenener

Hello, my name is _____. I'm calling on behalf of Opinion Access, Corporation, a national opinion research firm. Today/Tonight we are calling New York residents to find out their opinions on an important health care issue.

It is important to us that you know we are NOT telemarketers. This is NOT a sales call and you will NOT be asked to buy anything either now or later.

Your views are important and we would greatly appreciate your participation.

The survey should only take about 7minutesof your time, depending on the length of your answers.

Just to make sure we're talking to lots of different kinds of people, please tell me which of the following best describes your ethnic background? (READ LIST. RECORD ALL MENTIONS).

	<u>%</u>
White/Caucasian	1
Black/African-American	0
Hispanic/Latino	100
Asian	0
Other	0

For purposes of this interview, would you prefer to do the survey in... (READ LIST)?

English	18%
Spanish	82%

USE APPROPRIATE VERSION OF
THE SCREENER AND
QUESTIONNAIRE.

Record gender

	<u>%</u>
Male	27
Female	73

Main Questionnaire

1. First, have you or a family member bought a prescription drug within the past 12 months?

	<u>%</u>
Yes	61
No [SKIP TO Q4]	38
Not sure (DO NOT READ)	1

2. In the past 12 months, has paying for prescription medications been a major problem, a minor problem, or not a problem for you? (n=494 who have bought prescriptions in the past 12 months--self or family member)

	<u>%</u>
A major problem	25
A minor problem	23
Not a problem	51
Not sure (DO NOT READ)	1

3. In the past 12 months, approximately how much have you spent, each month, out of your own pocket for prescription drugs? [READ LIST] (n=494 who have bought prescriptions in the past 12 months--self or family member)

	<u>%</u>
Less than \$10 per month	28
\$10 but less than \$50 per month	24
\$50 but less than \$100 per month	18
\$100 but less than \$200 per month	7
\$200 but less than \$500 per month	8
\$500 or more per month	3
Not sure (DO NOT READ)	12

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

	<u>%</u>
Very concerned	36
Somewhat concerned	25
Not very concerned	21
Not at all concerned	16
Not sure (DO NOT READ)	3

5. How do you pay for your prescription drugs?

	<u>%</u>
Pay full retail	19
Your employer or your spouse's employer pays all or part of the cost	14
Your former employer or your spouse's employer pays all or part of the cost	1
A prescription, discount card from pharmaceutical co., drug mfg., pharmacy	3
A state sponsored program such as EPIC or Medicaid	48
Other	12
Not sure (DO NOT READ)	4

6. Many people face difficult decisions when buying prescription drugs. In the past 12 months, have you or a family member done any of the following? [Ask each-]

In the past 12 months, have you or a family member...

	Yes	No	<i>No Response</i>
	<u>%</u>	<u>%</u>	<u>%</u>
a. Delayed getting a prescription filled or not gotten a prescription filled because you didn't have enough money to pay for it?	36	63	1
b. Taken less medicine than your doctor prescribed to make it last longer?	29	70	1
c. Ordered your prescription drugs by mail or Internet from a company <u>in the U.S.</u> because they cost less?	5	95	1
d. Ordered your prescription drugs by mail or Internet from a company <u>in another country</u> because they cost less?	5	94	0
e. Traveled to Canada to purchase prescription drugs because they cost less?	1	99	0

Several states are developing information comparing the safety and effectiveness of prescription drugs in order to help consumers, doctors, and pharmacists choose the right drug at the best cost.

7. How important is it to you for New York to provide access to information that compares the safety and effectiveness of prescription drugs?

	<u>%</u>
Very important	69
Somewhat important	21
Not very important	3
Not at all important	2
Not sure (DO NOT READ)	5

Several states are using preferred drug lists as a way of controlling rising prescription drug costs for their Medicaid and state pharmacy programs. A preferred drug list is typically a list of prescription drugs chosen by an independent panel of physicians and pharmacists for their safety and effectiveness first and then cost second. This is an important tool for states to negotiate lower prices for drugs. New York is currently developing one for use in the State.

8. How strongly do you support or oppose the state of New York adopting a preferred drug list?

	<u>%</u>
Strongly support	59
Somewhat support	23
Somewhat oppose	3
Strongly oppose	5
Not sure (DO NOT READ)	11

A Bill has been introduced in the New York State Legislature that would establish a bulk purchasing program for prescription drugs. This bill would allow New York State to establish a buying pool for its state programs and to include in this buying pool individuals who lack prescription drug coverage. Savings from this bulk purchasing would be used to lower the costs of drugs for those participants without coverage.

9. How strongly would you support or oppose a legislation that would allow the state to do “bulk purchasing” and pass the savings to those without adequate drug coverage?

	<u>%</u>
Strongly support	73
Somewhat support	15
Somewhat oppose	2
Strongly oppose	4
Not sure (DO NOT READ)	6

Pharmaceutical companies aggressively market expensive new drugs to physicians. Sales representatives from these companies frequently provide physicians with free meals, trips, entertainment, and gifts. Some experts believe that these practices encourage physicians to prescribe more expensive drugs when equally effective and less costly drugs exist.

10. How strongly would you support or oppose the state of New York enacting legislation that would require drug manufacturers to report how much they spend on marketing?

	<u>%</u>
Strongly support	55
Somewhat support	18
Somewhat oppose	5
Strongly oppose	12
Not sure (DO NOT READ)	10

11. How important do you think it is for AARP New York to work to make prescription drugs more affordable for New Yorkers?

	<u>%</u>
Very important	77
Somewhat important	16
Not very important	2
Not at all important	1
Not sure (DO NOT READ)	4

12. How important do you think it is for AARP New York to work to make prescription drugs more affordable for New Yorkers who do not have any prescription drug insurance coverage?

	<u>%</u>
Very important	77
Somewhat important	17
Not very important	3
Not at all important	1
Not sure (DO NOT READ)	3

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

D1. 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>
Yes, from home	21
Yes, from work	5
Yes, from some other source	7
No	72
Not sure (DO NOT READ)	1
Refused	1

D2. What is your age as of your last birthday? _____ (in years)

	<u>%</u>
18-34	32
35-49	28
50-64	23
65+	14

D3. What is your current marital status?

	<u>%</u>
Married	39
Widowed	9
Divorced	11
Separated	11
Never married	28
Refused	3

D4. Are you registered to vote in New York?

	<u>%</u>
Yes	47
No (GO TO D6)	51
Refused (DO NOT READ)	2

D5. Thinking about the last few state elections for New York Governor and Legislators, which of the following best describes your voting behavior? (n=376 registered voters)

	<u>%</u>
Always vote	64
Sometimes miss one	24
Rarely vote	5
Never vote	6
Not sure (DO NOT READ)	0
Refused	1

D6. What is the highest level of education that you completed?

	<u>%</u>
Less than high school	34
High school graduate or equivalent	34
Some college or technical training beyond high school	14
College graduate (4 years)	11
Post-graduate or professional degree	2
Refused (DO NOT READ)	6

D7. Which of the following best describes your current employment status?

	<u>%</u>
Employed or self-employed <u>full-time</u>	31
Employed or self-employed <u>part-time</u>	15
Retired and not working	16
Other such as homemaker	20
Unemployed and looking for work	15
Refused (DO NOT READ)	5

D8. What is your 5-digit zip code? (WRITE IN YOUR ZIP CODE.) _____

D9. We understand that income is a personal matter, so instead of asking what your income is, please stop me when I get to the range that best represents your household income before taxes in 2004?

	<u>%</u>
Less than \$10,000	27
\$10,000 but less than \$20,000	23
\$20,000 but less than \$30,000	10
\$30,000 but less than \$40,000	5
\$40,000 but less than \$50,000	3
\$50,000 but less than \$75,000	3
\$75,000 but less than \$100,00	2
\$100,00 or more	1
Not sure (DO NOT READ)	10
Refused (DO NOT READ)	16

Thank you for completing this survey.

AARP
Knowledge Management
For more information please contact Katherine Bridges
(202) 434-6329 or email kbridges@aarp.org