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**MEDICARE DRUG DISCOUNT CARD PROGRAM:
How Much Does Card Choice Affect Price Paid?**

by
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FOREWORD

Since the start of enrollment for the Medicare Drug Discount Card Program in May 2004, much attention has been given to the challenge confronted by Medicare beneficiaries considering whether to enroll in the program and, if so, which card to select. Making these decisions has been characterized by those involved with beneficiaries as difficult, laborious and, sometimes, paralyzing. Both consumer groups and the Centers for Medicare and Medicaid Services (CMS) have made efforts—often extensive—to educate beneficiaries about their options and to otherwise assist them in taking action in a timely fashion. Nevertheless, the process is made complicated by a variety of factors, not the least of which includes the fact that most beneficiaries have dozens of Medicare-approved discount card options available to them.

In order to better understand the potential value of having a large array of Medicare-endorsed discount card options, the AARP Public Policy Institute (PPI) initiated the project presented in this report and conducted it with the assistance of The Lewin Group. Ideally, it would have been desirable to know how much card choice matters across all dimensions on which a selection might be based, e.g., prices of drugs, stability of drug prices over time, comprehensiveness of the list of discounted drugs, location of pharmacies in the network, availability of low-income subsidies from Medicare or drug manufacturers. However, for practical reasons, it was necessary to narrow the scope of the project. We chose to focus on variation in price—the feature most germane to the creation of the program itself—in a single geographic area during one week for cards universally available to beneficiaries across the country. Despite such “narrowing down,” the study is unique among others conducted to date in its comprehensive encompassing of 33 national cards and 227 widely used prescription drugs.

The results of this project contain something of interest to a broad range of readers, whether they are policymakers, researchers, or consumer advocates. While the primary purpose of this study was to determine the nature and extent of price variation for drugs under the Medicare discount card program, based on this information, the report identifies card choice strategies that beneficiaries might use to pay lower prices for their medicines. In addition, in the process of conducting this research, we unintentionally gained insights about using the CMS website and the information it contains to make decisions about discount card selection. Furthermore, the findings may have implications for considering whether unlimited options necessarily translate into meaningful choices for Medicare beneficiaries.

It is our hope that, regardless of the reason for interest in this report about the Medicare drug discount card program, readers find the information useful to their work.

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Table of Contents

ACKNOWLEDGMENTS	i
FOREWORD	ii
EXECUTIVE SUMMARY	v
BACKGROUND	1
SCOPE OF THE STUDY	3
METHODOLOGY	5
Discount Drug Cards	5
Drug List.....	5
Prices	6
Geographic Area	7
Mail Order vs. Retail Prices.....	8
RESULTS	9
Variation in Individual Drug Prices across Cards.....	9
Variation in Weighted Average Prescription Price across Cards	12
Variation in Prescription Drug Prices for Condition-Specific Drug Combinations across Cards	13
Variation in Drug Prices across Pharmacies under Individual Cards	17
Mail Order vs. Retail Prices	17
DISCUSSION	22
Information Important to Card Selection	22
Simplifying the Process	23
Medicare Website	25
CONCLUSION	27
REFERENCES	28
APPENDIX.....	29

Figures and Tables

Table 1: Drug Price Availability for 227 Drugs from 33 National Medicare Cards.	6
Figure 1: Difference (in Dollars and Percentages) between Low and High Prices for 227 Drugs across 33 National Medicare Cards	10
Figure 2: Frequency of Lowest Price for 227 Drugs across 33 National Medicare Cards	11
Figure 3: Weighted Average Retail Price per Prescription of 227 Drugs across 33 National Medicare Cards	12
Table 2: Four Condition-Specific Drug Combinations.....	14
Figure 4: Range of Total Prescription Price across 33 National Medicare Cards for Four Condition-Specific Drug Combinations.....	15
Figure 5: Average Price Difference per Prescription across Pharmacies in Chicago Area for 33 National Medicare Cards for 227 Drugs	18
Figure 6: Comparison of Lowest Mail Order and Retail Prices for Top 20 Drugs across 25 National Medicare Cards	19
Figure 7: Weighted Average Mail Order Price per Prescription of Top 20 Drugs across 25 National Medicare Cards	21
Appendix Table 1: Pharmacies within Six Mile Radius of Zip Code 60619 (Chicago, IL) Returning Lowest Price on 227 Individual Drugs under 33 National Medicare Cards	29
Appendix Table 2: Difference (in Dollars and Percentages) between Low and High Price for 227 Drugs across 33 National Medicare Cards	30
Appendix Table 3: Summary Price Measures for 227 Drugs across 33 National Medicare Cards	31
Appendix Table 4: Dollars Above Lowest Price per Prescription for 227 Drugs among 33 National Medicare Cards	37
Appendix Table 5: Comparison of Total Cost for Condition-Specific Drug Combinations to Lowest Price for 33 National Medicare Cards	38
Appendix Table 6: Retail vs. Mail Order Price Difference for Top 20 Drugs under 25 National Medicare Cards	39

EXECUTIVE SUMMARY

Purpose

The Medicare Drug Discount Card Program, which began operating in June 2004, allows Medicare beneficiaries who enroll to obtain prescription drugs at discounted prices from retail and mail order pharmacies. At its inception, the discount card program offered more than six dozen competing discount cards to choose from, each providing different discounts on different drugs. The primary purpose of this study is to determine the nature and extent of price variation for drugs under the Medicare discount card program and, based on this information, to identify card choice strategies that beneficiaries might use to pay lower prices for prescription drugs. Other considerations that may factor into beneficiaries' card choices include the comprehensiveness of the list of discounted drugs, the availability of subsidies under Medicare's Transitional Assistance Program or the ability to qualify for discounted or free drugs under manufacturer assistance programs, and pharmacy choice.

Methodology

The methodology for this study was to compare prices across and within Medicare drug discount cards from 33 national sponsors.¹ Focusing on pharmacies within an urban area with a high concentration of Medicare beneficiaries, we collected retail pharmacy prices available under each card for 227 commonly used prescription drugs. Data were collected during the week of August 2, 2004 from the Medicare website (www.Medicare.gov), which is administered by the Centers for Medicare and Medicaid Services (CMS). We compared the prices under these cards for the entire drug list of 227 drugs and for drug combinations typically prescribed for four common chronic conditions. During the week of September 20, we collected both retail and mail order prices from the Medicare website for a shorter list of the top 20 drugs.

Results in Brief

With regard to price variation across cards, we found that prices for individual drugs vary widely. Comparing the lowest and highest prices for a given drug, we found that price differences of \$5 to \$10 per prescription for the same drug were common among cards (accounting for 34 percent of drugs). The range of prices for a single drug sometimes exceeded \$50 (6 percent). We found that, based on our list of widely used drugs, the same cards frequently offered the lowest or near the lowest-price for many drugs.

In addition, when we compared the cards by weighted average price, the highest-price card tends to offer prices that are, on average, about 20 percent more than the price offered by the lowest-price card, based on the weighted average price of 227 drugs during the week of August 2, 2004. We found that the same cards repeatedly appear among the lowest-price cards for the week of August 2, 2004 (Walgreen's, myPharmaCare

¹ Among these national cards is the AARP-endorsed card sponsored by the United Health Group, which operates the AARP Pharmacy Service program.

[sponsored by CVS], and EnvisionRx Plus). (See Figure 3.) Conversely, a different group of cards consistently appears among the highest-price cards for the same week (American Advantage-Med, Sav-Rx Med-Advantage, and The Pharmacy SmartCard).

Furthermore, the same group of cards—Walgreen’s, myPharmaCare, and EnvisionRx Plus—are often among those offering the lowest prices for typical drug regimens prescribed to manage four combinations of chronic conditions.

With regard to price variation by pharmacy, we found that the average price per prescription for 227 drugs at pharmacies across the Chicago area varied the most (over \$5) for one card, Walgreen’s, sponsored by a chain drugstore. For this card, the price variation appeared to be related to lower prices available from chain drugstores operated by the card sponsor (Walgreen’s) but not available from other retail pharmacies at which the card was accepted. We also found price variation, although less extreme, for the myPharmaCare card between CVS and non-CVS pharmacies. While other cards also showed price variations of more than \$3 per prescription, we did not seek to determine the reasons for this level of price variation.

Comparing retail and mail order prices, we found that, on average for the 25 Medicare cards that offer mail order services and for which data were available the week of September 20, mail order prices were about 10 percent lower than retail prices for the top 20 drugs as a group. However, we were unable to account for lower unit prices of drugs or reduced dispensing fees that may be available from retail pharmacies if a 90-day supply were purchased instead of a 30-day supply. When we ranked cards from lowest to highest price, we found that most cards did not move up or down by more than two positions when we compared their relative ranking based on weighted average retail price vs. mail order price. Only one card (EnvisionRx Plus) remained among the three lowest-price cards for both retail and mail order. Conversely, the three cards that ranked relatively high on retail prices also ranked high on mail order prices. In addition, we found that the 25 national Medicare cards offering mail order service had lower average mail order prices for the top 20 drugs as a group than one of the most competitive Internet mail order pharmacies, Drugstore.com.

Conclusion

Our findings with regard to price are not intended to substitute for the Medicare website or Medicare’s toll-free telephone line, which can identify the Medicare discount card that best fits the specific circumstances of each individual beneficiary. Nevertheless, we found that the Medicare website had important limitations, discussed below.

One of the contributions of this study is its documentation of the variation in price across cards at several different levels. For example, cards sponsored by leading chain drugstores (e.g., Walgreen’s and CVS) most frequently offer the lowest prices, but only when they are used at chain-owned retail stores (i.e., these cards do not necessarily offer the lowest prices at other retail pharmacies or by mail order). We also found that mail order drug prices under Medicare cards that offer this service are generally about 10

percent lower than retail pharmacy prices under the same cards. This price difference might narrow if a 90-day mail order supply were compared with a 90-day retail supply. Therefore, the choice of a Medicare discount card may depend on whether the beneficiary plans to use primarily retail or mail order pharmacies and whether the mail order pharmacy stocks drugs for which the individual needs prescriptions filled. This type of information may be useful to beneficiaries who have not yet enrolled in a discount card or who want to change cards during the November 15–December 31 open enrollment period.

In addition, our findings that some cards generally offer better prices than other cards suggest that it might be possible to simplify the card selection process for those who are not able or not inclined to choose a card based on their specific situation. It is important to note that, as a result of being simplified, this alternative approach does not take into account all of the price and non-price factors that an individual beneficiary might otherwise consider. For beneficiaries who do not find it convenient to use one of the lowest-price cards identified in this report, other cards offer low prices as well. On the other hand, we found that a different group of cards consistently appears among the highest-price cards (American Advantage-Med, Sav-Rx Med-Advantage, and The Pharmacy SmartCard).

These findings are not intended to serve as an endorsement of any Medicare drug discount card.

Finally, this project identified important limitations of the Medicare website that are not always apparent to users but that prevent beneficiaries from receiving accurate and comparable information about discounted drugs and pharmacy-specific prices on which to base their card selection decisions. Specifically, based on our experience and according to Medicare officials, the Medicare website sometimes excludes prices for some or all drugs under a card. Furthermore, card sponsors can and do submit price data at different levels of specificity (e.g., some report different prices at the individual pharmacy level, others report uniform prices nationally for the same drug, even though their prices may vary among pharmacies). Unfortunately, these problems exist despite recent CMS efforts to improve accuracy of price data on the Medicare website and to make the website more user friendly. In addition to being affected by the limitations already described, researchers—including ourselves—are hampered by the format used for the presentation of the publicly available price data, which cannot be copied easily and does not include historical price data.

BACKGROUND

As a prelude to a voluntary drug benefit that will become available in 2006 under *The Medicare Prescription Drug, Improvement and Modernization Act of 2003*², the Medicare Drug Discount Card Program was created to offer discounts on prescription drugs to Medicare beneficiaries.

Starting in June 2004, the Medicare program has approved qualified drug discount cards (68 *Fed. Reg.* 69840, 2003). These cards are available only to Medicare beneficiaries who do not already have prescription drug benefits through Medicaid. They may be used in addition to other non-Medicare discount cards, but discounts from different cards may not be added together to increase the discount. Medicare-approved cards offer discounts to enrollees who purchase covered prescription drugs from participating retail pharmacies and U.S.-based mail order pharmacies. A beneficiary may enroll in only one discount card program at a time and, in general, may only switch cards once (November 15 to December 31, 2004, effective for January 2005). Beneficiaries who have not previously enrolled may enroll at any time until the program terminates. At the end of 2005, Medicare's drug discount card program will be phased out and replaced by a completely new Medicare outpatient prescription drug benefit that will offer insurance coverage starting in January 2006 for beneficiaries who elect to enroll.

Card options available to beneficiaries vary depending on individual circumstances, including location. According to DestinationRx, a contractor to the Centers for Medicare and Medicaid Services (CMS), 67 discount cards are available to most beneficiaries enrolled in the original Medicare program: 34 cards are national,³ and 33 cards are regional. National cards are required to have a network of retail pharmacies that offer reasonable access in every state. Managed care organizations can offer additional categories of discount cards exclusively to their members ("exclusive cards") and with special endorsement to nursing home residents or Native Americans ("special endorsement cards"). Several card sponsors offer more than one card through different partner organizations. However, publicly available information on the Medicare website is not always sufficient to identify which cards have the same or related sponsors.

With limited exceptions, Medicare-approved discount cards may offer discounts on all U.S. Food and Drug Administration (FDA) approved prescription drugs. Drugs that are excluded under the discount cards include drugs that are covered under Medicare Part A or Part B, such as drugs furnished during a Medicare-covered inpatient stay or incident to a physician's service. In addition, Medicare specifically excludes the following prescription drugs under the discount card program: alprazolam (Xanax), APAP/codeine, lorazepam (Ativan), calcitonin (Miacalcin), and temazepam (Restoril). Also excluded under the discount cards are drugs sold without a prescription, such as vitamins and cold medications.

² Soc. Sec. Act, Title XVIII, Part D as amended by P.L. 108-173 (codified as amended at 42 USC § 1395w-101 et seq. (2004)).

³ Among these national cards is the AARP-endorsed card sponsored by the United Health Group, which operates the AARP Pharmacy Service program.

Within the universe of generally covered drugs, card sponsors are permitted to establish a formulary list specifying discounted drugs (68 *Fed. Reg.* 69840, 2003). The formulary must include discount prices for at least one drug in each of 209 therapeutic categories and at least one generic drug in 95 percent of categories for which such drugs are available. However, on the Medicare website, card sponsors may list drugs with non-discounted prices as well as drugs with discounted prices. Card sponsors vary in whether they list non-discounted drugs and, when they do, discounted and non-discounted drugs are not distinguished or identified separately on the website.

Under the discount card program, the prices posted on the Medicare website are based on card sponsors' reporting of the total price for each drug on which they offer discounts, including dispensing fees but excluding taxes and, in the case of mail order, shipping charges. The price listed on the Medicare website must represent the highest possible price for a 30-day supply for each item offered at a particular retail pharmacy or for a 90-day mail order supply. However, the price which a beneficiary will actually pay for a particular drug may be lower than the price posted on the Medicare website.⁴ Individual drug prices are posted at the beginning of each week, prices from the previous week are overwritten when updated, and historical price data are not publicly available.

A computerized search tool to aid in selecting a discount drug card is available to Medicare beneficiaries who, through the Medicare website (www.Medicare.gov), visit an Internet website developed for and dedicated to the discount card program. Medicare beneficiaries who do not have prescription drug benefits through Medicaid can identify on the Medicare website the card that offers the lowest price for a 30-day retail supply or a 90-day mail order supply of their particular mix of drugs. Both Internet novices and experts have observed that the Medicare website is far from user-friendly and can be time consuming and frustrating to use. The Medicare website displays prices for more than 60,000 drug products that can be purchased with discount cards at more than 75,000 pharmacies, according to Medicare website contractor DestinationRx. Alternatively, beneficiaries may call a toll-free, Medicare-sponsored telephone number (800-Medicare) for personal assistance.

When the program began operating in June 2004, many Medicare beneficiaries were confused, anxious, and frustrated, due at least in part to the number of choices available and uncertainty about how best to select a discount card (Lueck, 2004). By November 2004, 5.8 million beneficiaries had enrolled in the discount card program (Moreno, 2004). A large percentage of these beneficiaries were automatically enrolled through their Medicare HMO or state drug assistance program. The card selection process for the auto-enrollees varied but did not always reflect the card offering the lowest price for individual beneficiaries. More recently, a "facilitated enrollment" process has been created to enroll previously identified low-income Medicare beneficiaries (CMS, 2004).

⁴ Some reasons that prices at the pharmacy may be lower than the price posted on the Medicare website are (1) the unit price may be lower for a larger supply of the same drug at the same pharmacy (i.e., the price per pill may be less for a 90-day supply), or (2) the cost of a product that a pharmacy acquires from any one of multiple sources may be lower than the highest price reported to CMS for that drug.

Certain low-income Medicare beneficiaries (i.e., those without drug coverage from Medicaid, an employer, or a federal government program) are eligible for a \$600 credit during calendar year 2004 and up to \$600 again for 2005. This subsidy, referred to as “transitional assistance,” can amount to as much as \$1,200 and may be applied toward the purchase of drugs that are covered by the discount card. After the credit has been used, low-income beneficiaries may also be eligible for additional assistance from specific drug manufacturer-sponsored programs. Despite government estimates that 4.7 million low-income beneficiaries would qualify for this subsidy by the end of 2004, as of November 2004, only 1.4 million beneficiaries had qualified (Moreno, 2004).

Supporters of the program projected that a beneficiary would save between 10 percent and 25 percent on prescription drugs, and recent studies have found that Medicare-approved discount cards yield savings in that range (Health Policy Alternatives, 2004; Lewin, 2004; Muse & Assoc., 2004). The most comprehensive of these studies found that some cards performed better than others, but that there was relatively little geographic variation in the best prices across markets (Lewin, 2004).⁵ Another study found greater variation in prices for 10 drugs across seven cards (Health Policy Alternatives, 2004).

Many earlier studies have documented the rise in prescription drug prices over time. By contrast, studies to date have found that drug prices under Medicare discount cards vary little over time. One study found that, based on the best price available from any card for 150 drugs, the weighted average savings per prescription rose from \$16.57 to \$17.37 (4.8 percent) from June to July 2005 (Lewin, 2004). Another study found that, for a basket of seven drugs, price changes for seven cards varied up or down by less than 4 percent over six weeks (Health Policy Alternatives, 2004). Both studies concluded that, on average, prices have been relatively stable for most cards. However, the period during which these comparisons were made was relatively short and occurred early in the life of the discount card program.

SCOPE OF THE STUDY

Because the main goal of the Medicare discount card program is to lower drug prices for beneficiaries, the focus of this study is drug prices available to the general Medicare population. The primary purpose of this study is to determine the nature and extent of price variation for drugs under the Medicare discount card program and, based on this information, to identify card choice strategies that beneficiaries might use to minimize the prices they pay for prescription drugs. More specifically, this study researched the following questions:

⁵ That study found that the best available price for a single drug under Medicare discount cards seldom varies across markets (Lewin, 2004). For instance, the lowest available price for a best-selling brand-name hypertension drug varied less than \$1 across 20 zip codes (all in different states), and the price was exactly the same in 18 of 20 zip codes. In addition, that study found little or no price variation under the Medicare cards between urban and rural markets for prices of three brand-name drugs, three generic drugs, and three condition-specific drug combinations. However, that study noted that one chain pharmacy-sponsored discount card offered lower prices at its own pharmacies than were available at other in-network pharmacies.

- How much does card choice affect price paid for individual drugs?
- How much does card choice affect price paid for various combinations of drugs?
- How much do prices vary among pharmacies under the same card?
- How much do mail order prices vary from retail pharmacy prices?
- Do some cards offer consistently lower prices than other cards do?

We could not or did not assess some factors affecting price. For example, savings and discounts that may be available only to low-income beneficiaries, such as the Medicare transitional assistance subsidy or manufacturer assistance programs, were not considered in this study. Therefore, the study findings are not intended to apply to low-income Medicare beneficiaries. In addition, it was not possible to use the Medicare website to determine the range of drugs for which discounts were available under each card (i.e., “formulary”).

In addition to drug prices and factors affecting prices, a variety of non-price considerations may influence card choice. While we did not assess or compare cards with respect to such non-price factors, they include the following:

- extent or type of pharmacies available through the network offered by cards we studied;
- access to specific retail pharmacies for those who want to continue using the same pharmacy and/or trust the face-to-face advice of a particular pharmacist; and
- breadth of pharmacy network for those who travel away from home frequently or for extended periods.

Due to the scope of this research project, certain other *caveats* apply to the findings. As the scope of this study was limited to national cards, regional discount cards may offer lower prices than the national cards we studied. We did not study all drugs available under the program, nor was our drug sample selected randomly so prices we report may not be representative of typical prices available under a card. Prices and discounts actually received may not be identical to those we have reported because drug prices on the Medicare website can change weekly and may vary by location.

For a variety of reasons, we did not attempt to estimate savings, *per se*, that may be available to those who use a Medicare card. The level of estimated savings will depend on the benchmark price used as the basis for comparison. Establishing benchmark prices against which to compare prices under Medicare cards is difficult and, to some extent, arbitrary. Average or lowest prices Medicare beneficiaries actually pay at retail or mail order pharmacies are examples of such benchmarks. However, retail drug prices vary among pharmacies, even those owned by the same chain. The price Medicare beneficiaries actually pay also varies and may not be the advertised retail price because many seniors pay less than retail prices through participation in other non-Medicare discount programs.

METHODOLOGY

Discount Drug Cards

We commissioned The Lewin Group⁶ to extract price information from the Medicare website for 33⁷ Medicare-approved national drug discount cards. We did not survey prices for regional cards or exclusive cards because the focus of our study was cards that are available to all Medicare beneficiaries.

Drug List

Our list of prescription drugs was based on the brand-name and generic drug products most commonly dispensed by the AARP Pharmacy Service during 2003. About two million people age 50 and older both with and without insurance coverage use the AARP Pharmacy Service annually to purchase drugs. This approach generated a list of 291 products, which included 197 brand-name and 94 generic drugs, representing about 60 percent of total drug sales revenue and about 50 percent of all 2003 prescriptions filled by the AARP Pharmacy Service.⁸ While brand-name drugs in our list are unique with respect to manufacturer, generic drugs may have more than one manufacturer. The list included not only pills and tablets, but also inhalers, sprays, drops, patches, and other topicals.

Because Medicare's website reports retail prices based on a 30-day supply, we consolidated drugs distinguished only by different package sizes, resulting in a list of 234 unique drugs and dosages. From this list, we excluded the seven products excluded by Medicare (due to multiple dosage strengths, the five drugs excluded by name and described above account for seven products), leaving 227 items. For the week of August 2, 2004, most national cards listed prices for more than 90 percent of the 227 common drugs on our list. No card had prices for all of the 227 drugs on our list (see Table 1).

⁶ In connection with this report, The Lewin Group extracted and manipulated data and offered methodological advice but is not responsible for any interpretations or conclusions.

⁷ One of the 34 national cards that were approved has not become active.

⁸ The methodology for generating this list is described elsewhere in more detail (Gross, Schondelmeyer, and Raetzman, May 2004).

Table 1: Drug Price Availability for 227 Drugs from 33 National Medicare Cards

Card Summary	Number of Drugs with Prices	Percent of Drugs with Prices
AARP Prescription Discount Card	201	89
aClaim RxSavings Club	213	94
Aetna Rx savings Card (SM)	190	84
American Advantage-Med	217	96
American Prescription Plan	214	94
ArgusRx	220	97
BD Advantage Drug Discount Card	212	93
Community Care Rx	223	98
Criterion Advantage	223	98
EnvisionRx Plus	222	98
InStil Health Solutions	219	96
Liberty Prescription Discount Card	221	97
MedCare USA, Powered by MedImpact	219	96
myPharmaCare	203	89
PBM Plus Senior Care	216	95
Pharmacy Care Alliance (Option A)	201	89
Pharmacy Care Alliance (Option B)	201	89
PrecisionDiscounts (Option A)	220	97
Preferred Prescription Discount Card	218	96
Prescription Discount Card	218	96
Public Sector Partners Prescription Drug Discount Card	221	97
Rx Savings Access Card	215	95
RxSavings	216	95
RxSavings distributed by Mennonite Mutual Aid Association	216	95
RxSavings distributed by Reader's Digest	218	96
Sav-Rx Med-Advantage Prescription Discount Card	218	96
ScripSolutions Choice	224	99
ScripSolutions Freedom	224	99
ScriptSave Premier	199	88
SXC Health Solutions, Inc.	221	97
The Pharmacy SmartCard	219	96
U Share Prescription Drug Discount Card	220	97
Walgreens Health Initiatives Prescription Discount Drug Card	218	96

Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

Prices

For each card and each drug, we collected price data for a 30-day supply from the single retail pharmacy with the lowest price in the Chicago area as listed on the Medicare website during the week of August 2, 2004.⁹ The Lewin Group electronically copied and pasted prices from the Medicare website to minimize transcription errors. Neither AARP nor Lewin attempted to verify drug prices reported in this study. We also did not attempt

⁹ The Medicare website provides prices only for a 30-day retail supply and a 90-day mail order supply.

to adjust for possible errors in the data. However, we imputed average drug prices for missing values in some cases, as described below. These prices do not represent the price available for more than one drug from the same pharmacy (i.e., one could not necessarily find a single pharmacy that would sell all, or even several, of the drugs at this “lowest-price”).

We used the extracted prices to compute an average price. To avoid skewing the average price for cards that had missing values for some drugs, we substituted the average price of the drug from all other cards for which the drug’s price was reported. This substitution allowed comparison of the average price of a bundle of drugs across cards without the bias that would be introduced by missing values. These imputed prices accounted for less than 12 percent, and in many cases less than 5 percent, of 227 drug prices for any particular card. For comparisons that involved 20 or fewer drugs, we imputed no more than one missing value for each of three cards.

We weighted each drug product with respect to its contribution to the AARP Pharmacy Service’s total sales revenue for the group of 227 drugs. These weights were used as the basis for ranking the order of drugs in the list and to derive summary measures for each discount card. This approach emphasized higher-price drugs, for which the dollar amount of potential discounts is greater. Since brand-name drugs are both more expensive than generics and account for the major share of the AARP Pharmacy Service total prescription volume in our list of 227 drugs, brand-name drugs accounted for more than 90 percent of the sales revenue and related drug weights. As a result, the price of brand-name drugs was weighted much more heavily than was the price of generics. The weighted average price for 171 brand-name drugs was about \$70, while for 56 generics, it was less than \$3. On average, the low-to-high price range in percentage terms was about twice as large for brand-name drugs as it was for generic drugs. The difference from low to high price for brand-name drugs was about \$20 (about 33 percent), while the same range for generic drugs was less than \$2 (about 14 percent). The weighted average price for drugs available under each card represents the average cost of one month’s supply of a single prescription.

Geographic Area

We focused attention on a single geographic location. Starting from a single zip code in Chicago, Illinois (60619), which has a high concentration of Medicare beneficiaries (about 18 percent of the total population was over 65 in 2000), we extracted price data for any retail pharmacy within a six-mile radius. This radius resulted in the identification of 117 pharmacies throughout the metropolitan area that accept one or more of the 33 Medicare cards. These pharmacies represent 56 differently owned pharmacies, including independents and chains such as Costco, CVS, K-Mart, Osco, Target and Walgreen’s (see Appendix Table 1).

Mail Order vs. Retail Prices

To analyze the impact of mail order options, we collected both mail order and retail pharmacy prices for the top 20 drugs under 25 of 26 national Medicare cards that offer mail order services. We compared one-third of the mail order price for a 90-day supply with the retail price for a 30-day supply. This comparison does not account for lower unit prices of drugs or lower dispensing fees that may be available from a retail pharmacy if a 90-day supply were purchased instead of a 30-day supply. These data were collected during the week of September 20, 2004. During that week, one card, Walgreen's, did not have any drug prices displayed on the Medicare website. According to Medicare officials, data submitted for the Walgreen's card did not pass Medicare quality controls and were "suppressed" (e.g., omitted) for that week. Due to the absence of historical price data, we were unable to assess the appropriateness of imputing prices based on the following week. Due to changes in the Medicare website that occurred in September, we did not collect price data from pharmacies in as large a radius as the area that formed the basis for our August price data. Instead, we used the Medicare website default settings which returned about 10 pharmacies with the lowest prices for each of the top 20 drugs.

We also compared Medicare card mail order prices with prices for a 90-day supply from a non-Medicare card source that offers mail order drugs at competitive prices. Other studies found that mail order prices from Drugstore.com were competitive with mail order prices available from Medicare discount cards (i.e., about 5 percent higher than the lowest price available from six national Medicare cards but 2 percent less than the highest price available) (Health Policy Alternatives, 2004). As an Internet, mail order pharmacy, Drugstore.com offers a single national price for its drug products. Therefore, we selected Drugstore.com as our non-Medicare card source for benchmark comparison of mail order prices. We did not collect data for non-U.S. pharmacies, such as Canadian or other Internet pharmacies.

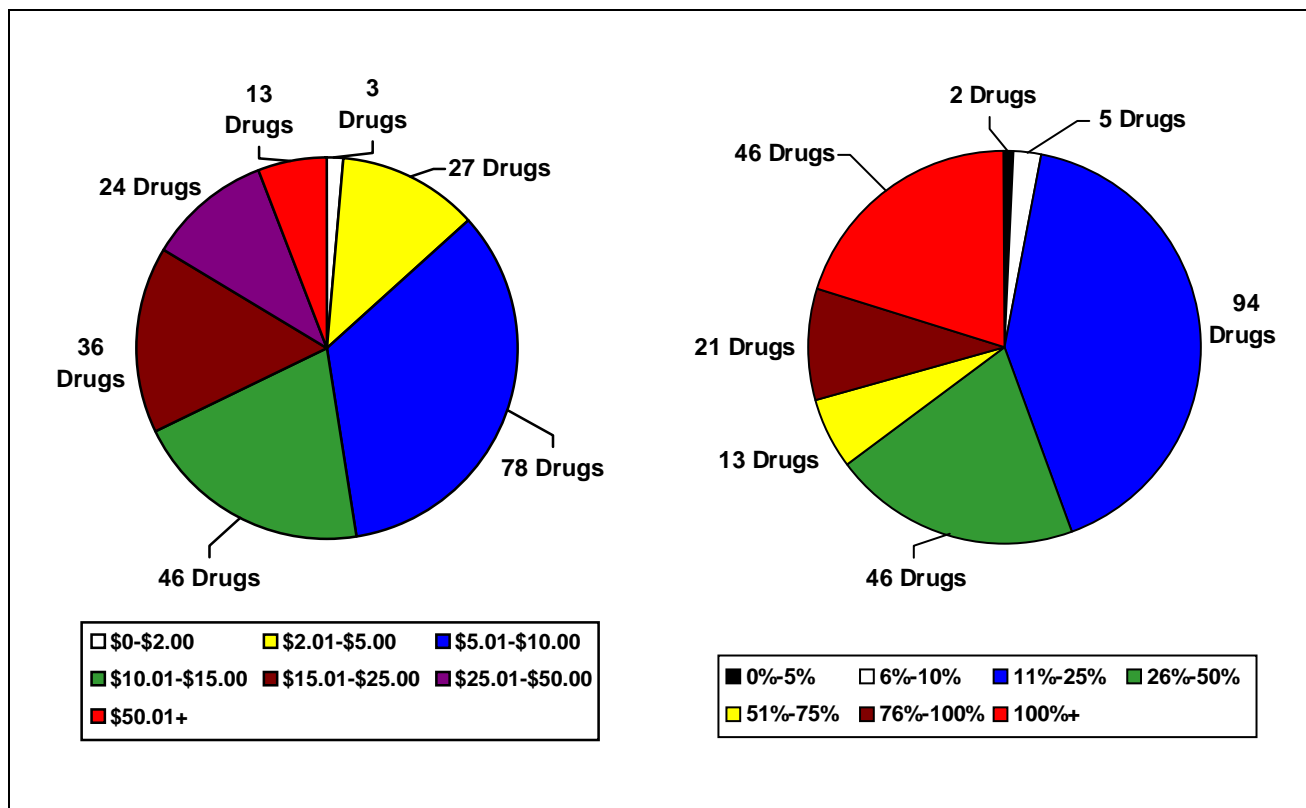
RESULTS

Variation in Individual Drug Prices across Cards

On the level of individual drugs, the differences in price per prescription were often substantial across the 33 national cards that we studied during the week of August 2 (see Figure 1 and Appendix Table 2). The median price difference in dollars was in the range of \$10-\$15. A total of 197 drugs (87 percent) had price differences of \$5 or more per prescription when prices were compared across 33 cards. At least 13 drugs had price differences in excess of \$50, with some differences as great as \$180 on a single prescription, when compared across cards. In percentage terms, the median price difference was in the range of 26 percent to 50 percent. The vast majority of drugs (97 percent) exhibited price differences of more than 10 percent per prescription across 33 cards. The range of prices across cards was more than 100 percent for 46 drugs. In fact, a few of these differences even exceeded 500 percent (see Appendix Table 3).

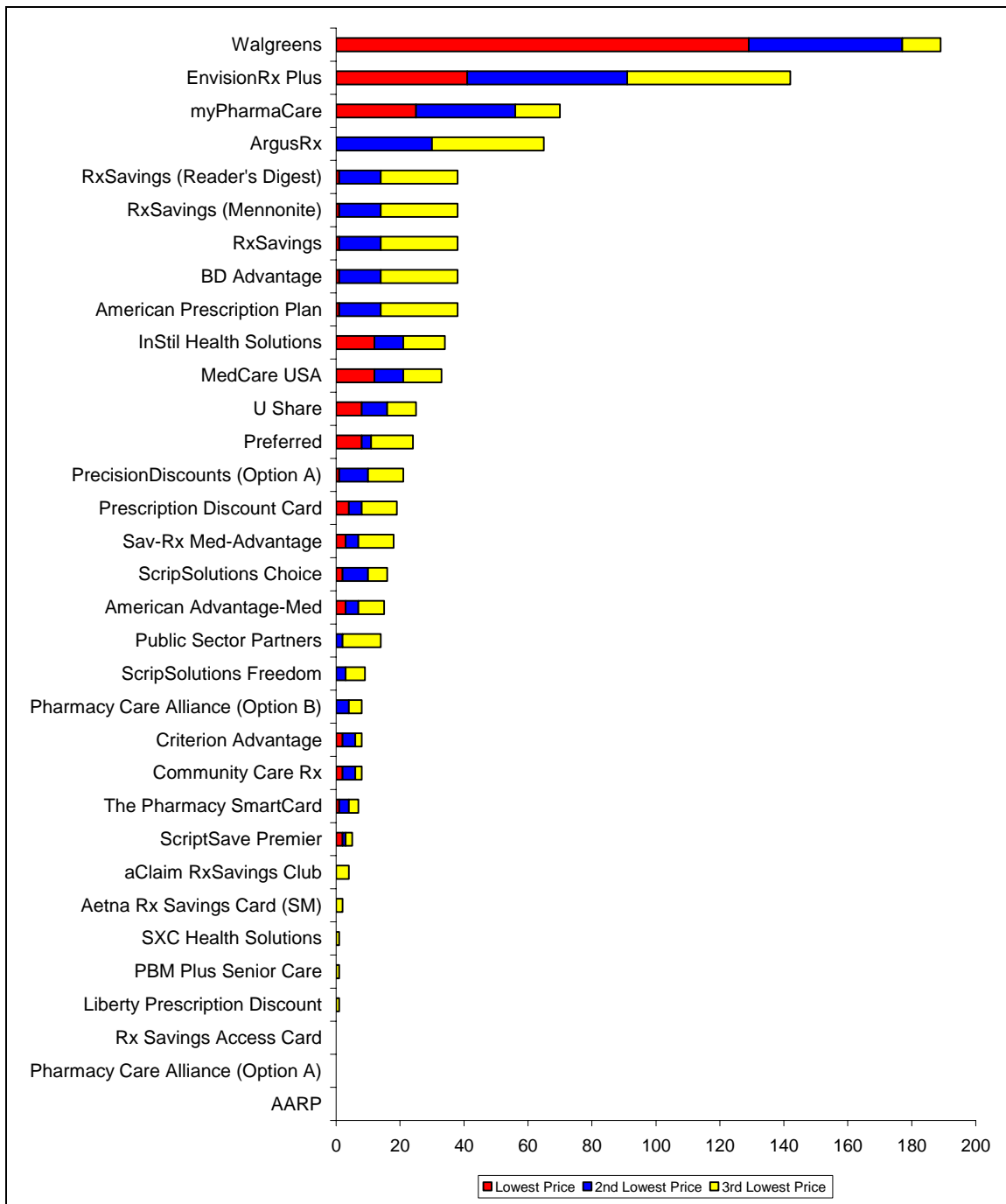
Comparing drug-specific prices under each card with the lowest price available from any of the 33 national cards, we identified the lowest-price card for each of the 227 drugs for the week of August 2. Simple frequency counts showed that the Walgreen's card offered the lowest price more frequently (for 129 of 227 drugs) than did any other card, by a substantial margin. The second and third cards most frequently offering the lowest price per prescription were EnvisionRx Plus (41 of 227 drugs) and myPharmaCare Card, sponsored by CVS (25 of 227 drugs). (See Figure 2.) Not surprisingly, the Walgreen's card price was also most frequently within \$1 of the lowest price (166 of 227 drugs). EnvisionRx Plus and myPharmaCare card prices were often within \$1 of the lowest-price card (79 times and 54 times, respectively, for 227 drugs) (see Appendix Table 4). Many cards, while not offering the lowest price, consistently offer prices within a range of \$2 to \$5 above the lowest price per prescription.

Figure 1: Difference (in Dollars and Percentages) between Low and High Price for 227 Drugs across 33 National Medicare Cards



Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

Figure 2: Frequency of Lowest Price for 227 Drugs across 33 National Medicare Cards

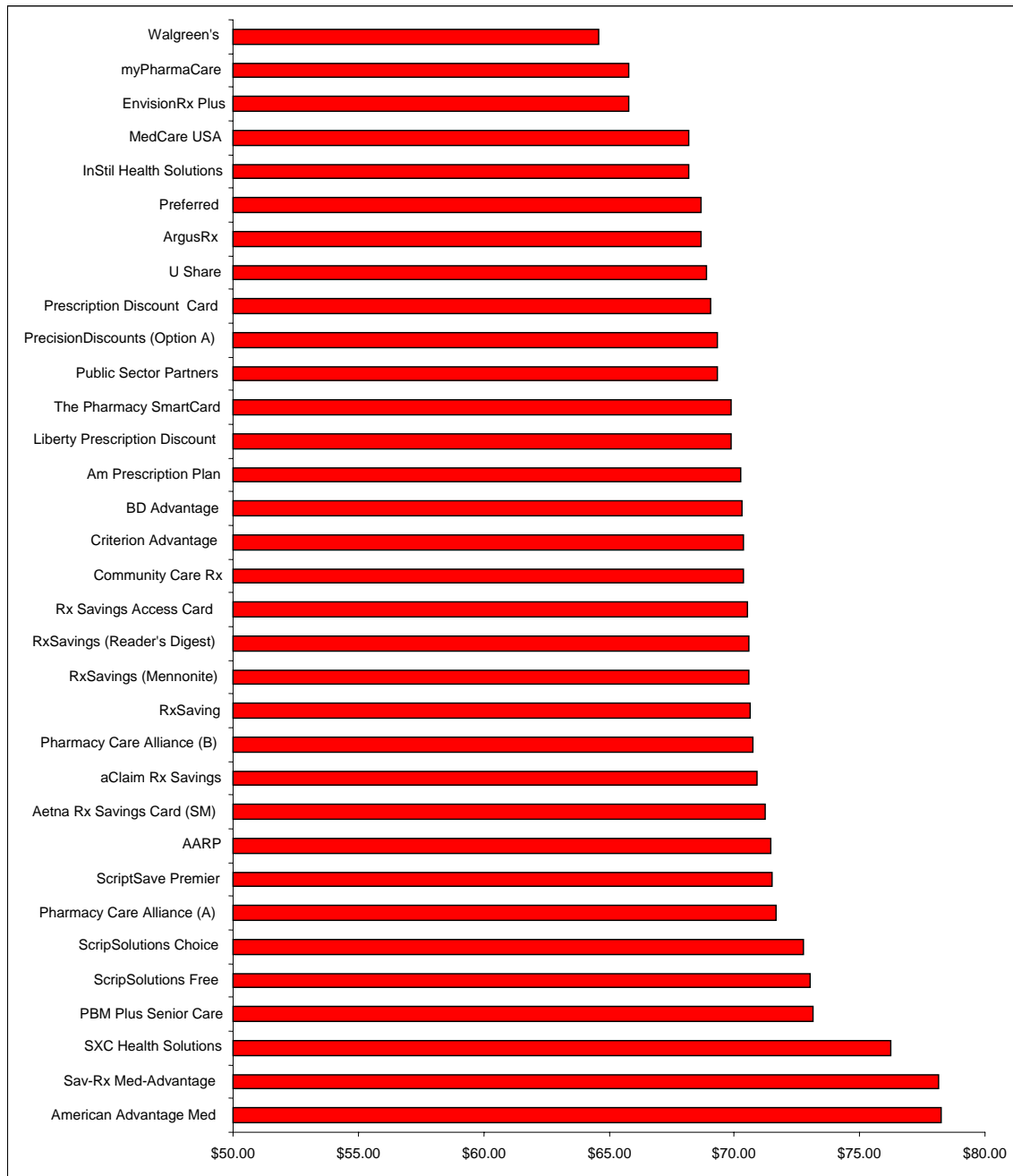


Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

Variation in Weighted Average Prescription Price across Cards

Comparing the overall weighted average price per prescription based on 227 drugs under each of 33 cards for the week of August 2, we found the weighted average price per prescription ranged from \$64.61 for the lowest card to \$78.24 for the highest card (see Figure 3).

Figure 3: Weighted Average Retail Price per Prescription of 227 Drugs across 33 National Medicare Cards



Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

While some differences in the weighted average price per prescription may not appear large in absolute terms, these price differences may be magnified several times for individuals taking multiple drugs over more than one month. For instance, because these prices represent a single, average one-month prescription for the list of drugs studied, this difference would be multiplied by 12 on an annual basis and by the number of prescription drugs taken on an ongoing basis to compare annual costs under different cards.

We found that most cards were clustered in a group with a weighted average price per prescription of about \$3.50 above (or 6 percent above) to about \$8.50 above (or 13 percent above) the card with the lowest average price per prescription. For 10 of these cards in the middle ranks, their weighted average price per prescription was within about \$1 (or 1.6 percent) of each other (see Figure 3). In addition, three cards had weighted average prices per prescription that ranked at or near the lowest, while the two highest cards had weighted average prices per prescription that were about \$13.50 above (or 21 percent above) the lowest-price card.

The same three cards that had the highest frequency of lowest-price drugs at the individual level (Walgreen's, EnvisionRx Plus, and myPharmaCare cards) also had the lowest average price per prescription for the 227 widely used drugs we studied. The Walgreen's card price per prescription averaged \$1.16 (1.8 percent) less than the other two low-price cards. Above these three cards, the average price per prescription for the fourth-lowest-price card (InStil Health Solutions) jumped to \$3.57 (5.5 percent) above the lowest-price card.

As a test of the stability of these card rankings for subgroups of drugs, we compared the relative rank of the weighted average price per prescription available from 33 cards across quartiles of the 227 drugs (i.e., groups of 56 or 57 drugs ranked from highest to lowest according to their contribution to the AARP Pharmacy Service drug sales revenue). We found that card rankings changed somewhat between quartiles, particularly in the lower quartiles. However, this shuffling of ranks appeared relatively unimportant due to the narrow differences in average price per prescription between most cards. For instance, in the second quartile, 28 cards were separated by average price differences of less than \$1 per prescription.

Variation in Prescription Drug Prices for Condition-Specific Drug Combinations across Cards

In most, if not all cases, a Medicare beneficiary is unlikely to buy a large number of therapeutically unrelated drugs such as those represented by the list of 227 drugs. Rather, Medicare beneficiaries buy drugs prescribed to treat specific diseases or conditions. While some people fill prescriptions for only a single drug, many people take multiple drugs for one or more conditions.

To assess the variation in prices across discount cards for drug combinations that Medicare beneficiaries typically purchase, we selected four drug regimens that are often

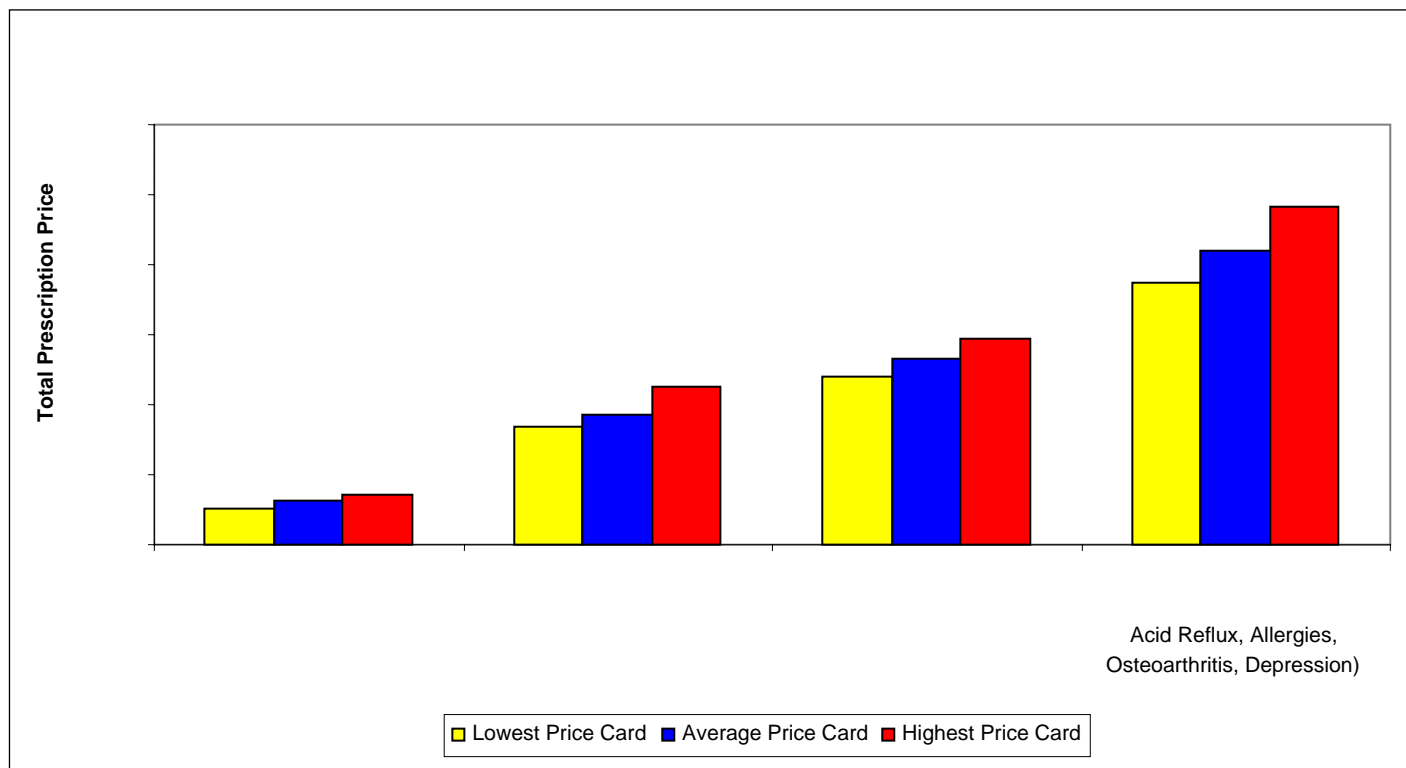
prescribed for common chronic conditions, including hypertension, coronary artery disease, a combination of conditions associated with diabetes (e.g., diabetes, hypertension and high cholesterol), and a combination of six chronic conditions. These combinations included both brand-name and generic drugs (see Table 2). We calculated total costs for these condition-specific drug combinations under each national card for the week of August 2. Figure 4 shows that, similar to the previous analyses, choice of Medicare discount card can have a substantial impact on the price of various combinations of medications.

Table 2: Four Condition-Specific Drug Combinations*

Condition(s)	Drug & Dosage	Uses	Brand or Generic
<i>Hypertension</i>	Hydrochlorothiazide 25 mg tab	Diuretic	G
	Lisinopril 10 mg tab	Hypertension	G
	Norvasc 5 mg tab	Hypertension	B
<i>Coronary Artery Disease</i>	Altace 10 mg cap	Hypertension	B
	Pravachol 40 mg tab	Cholesterol	B
	Toprol XL 50 mg tab	Beta Blocker	B
<i>Diabetes, Hypertension, High Cholesterol</i>	Actos 30 mg tab	Diabetes	B
	Altace 10 mg cap	Hypertension	B
	Lipitor 10 mg tab	Cholesterol	B
<i>Multiple Chronic Conditions</i>	Fosamax 70 mg tab	Osteoporosis	B
	Metoprolol 50 mg tab	Hypertension	G
	Nexium 40 mg cap	Acid Reflux	B
	Singulair 10 mg tab	Allergies	B
	Vioxx 25 mg tab	Osteoarthritis	B
	Zoloft 50 mg tab	Depression	B

*Drug combinations created by physician of The Lewin Group.
Prepared by AARP Public Policy Institute.

Figure 4: Range of Total Prescription Price* across 33 National Medicare Cards for Four Condition-Specific Drug Combinations



* Total price for 30-day supply.

Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group.
Prepared by AARP Public Policy Institute.

Hypertension

The lowest total price for a combination of two generic and one brand-name hypertension drugs that was available under any single card was \$50.71 (EnvisionRx Plus). The highest price from any single card for this combination of three drugs was \$71.91 (ScriptSave and Aetna Rx Savings Card), a difference of \$21.20 (42 percent).

Coronary Artery Disease

For a combination of three brand-name drugs typically used to treat coronary artery disease, the lowest total price from any single card was \$167.68 (EnvisionRx Plus), a difference of \$58.89 (35 percent) from the highest cards' price of \$226.57 (American Advantage-Med and Sav-Rx).

Three Chronic Conditions: Diabetes, Hypertension, Cholesterol

A combination of three brand-name drugs typically used to treat the commonly co-occurring conditions of diabetes, hypertension, and high cholesterol was available from the lowest-price card for \$241.05 (Walgreen's), a difference of \$54.35 (22.5 percent) from the highest-card price of \$295.40 (American Advantage-Med).

Six Chronic Conditions

For a combination of six drugs (five brand-name and one generic) often used to treat six common chronic conditions, including osteoporosis, hypertension, acid reflux, allergies, osteoarthritis, and depression, the lowest total price when purchased with a single card was \$375.66 (myPharmaCare), \$107.31 (29 percent) less than the highest cards' price of \$482.97 (American Advantage-Med and Sav-Rx).

Condition-specific drug combinations each contained only a few drugs, so card rankings were affected more easily by the relative price of even a single drug. Despite this *caveat*, three cards (Walgreen's, EnvisionRx, and myPharmaCare) offered relatively low prices for three of these condition-specific drug combinations (see Appendix Table 5).

Walgreen's and myPharmaCare cards were not among the lower-price cards for the hypertension drug combination due to their prices on a single drug, Lisinopril. This analysis demonstrates that the price of individual drugs under a card matters in assessing a card's prices, but that previously identified low-cost cards may also perform well for specific combinations of drugs.

Variation in Drug Prices across Pharmacies under Individual Cards

To evaluate the extent to which prices under individual cards vary among pharmacies, we calculated the range of lowest prices across pharmacies within a six-mile radius of a Chicago zip code under each of 33 cards for 227 drugs during the week of August 2 (see Figure 5). Nine cards showed no variation in average price for the list of 227 drugs. Six cards showed variation across Chicago-area pharmacies of less than \$1 (i.e., the range in lowest prices was \$1 per prescription, on average, for 227 drugs). However, seven cards showed price variations of more than \$3 per prescription. One card, Walgreen's, showed price variation of over \$5 per prescription.

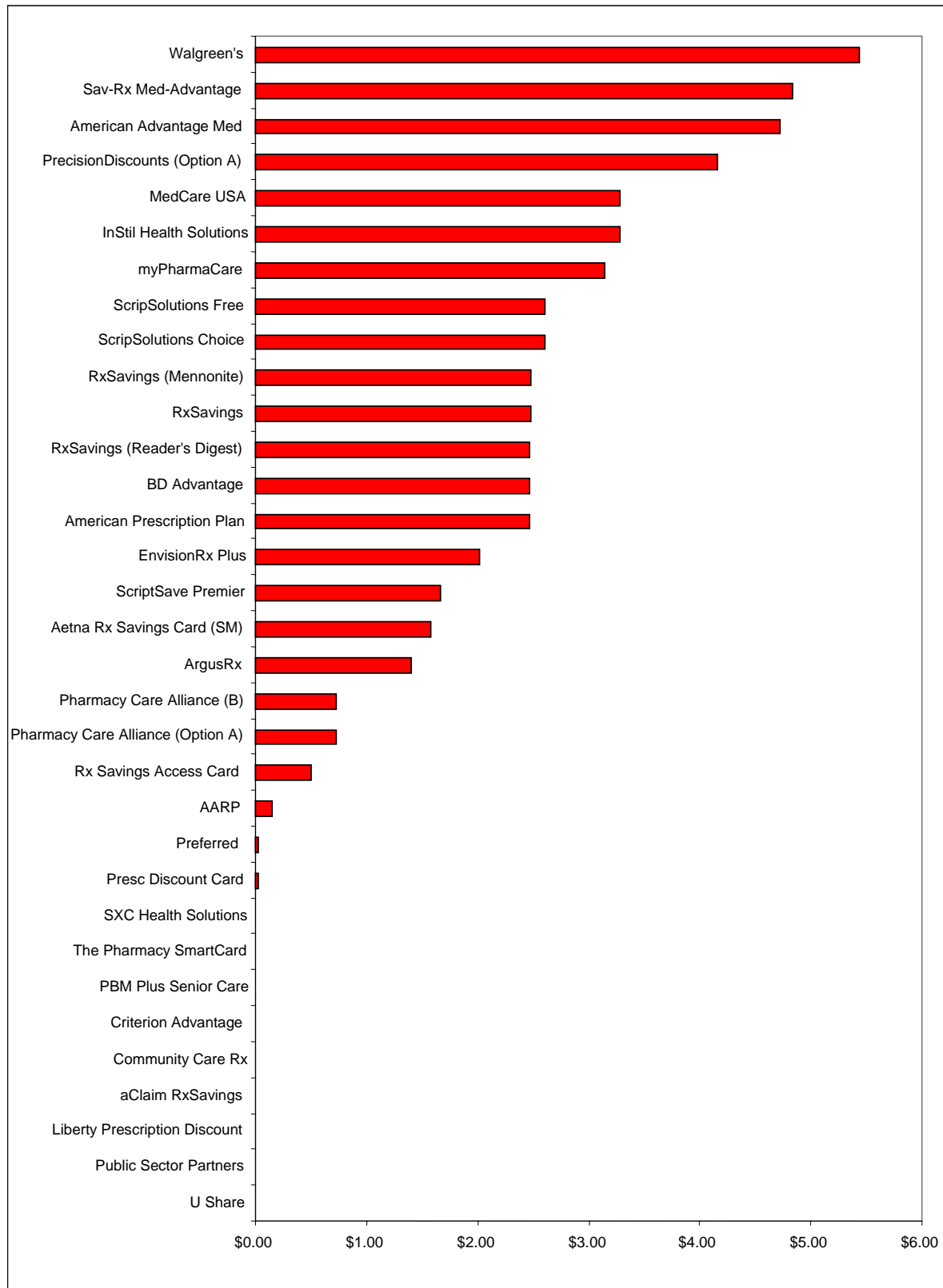
An informal comparison of prices for a single drug from selected pharmacies in the Chicago area showed that, at Walgreen's stores, the Walgreen's card price for a common cholesterol-lowering drug, Zocor 20 mg, was \$75.50, the second-lowest price of any card. However, at non-Walgreen's stores, a Walgreen's card holder would pay \$81.54 for the same drug, over \$6 more than the lowest price. We also found price variation between CVS and non-CVS pharmacies for the myPharmaCare card. Our findings suggest that drug prices would be higher under Walgreen's and myPharmaCare cards in areas that are not serviced by a Walgreen's or CVS store, respectively. However, we did not explore possible explanations for price variations under other cards.

Mail Order vs. Retail Prices

Comparison within the Medicare Card Program

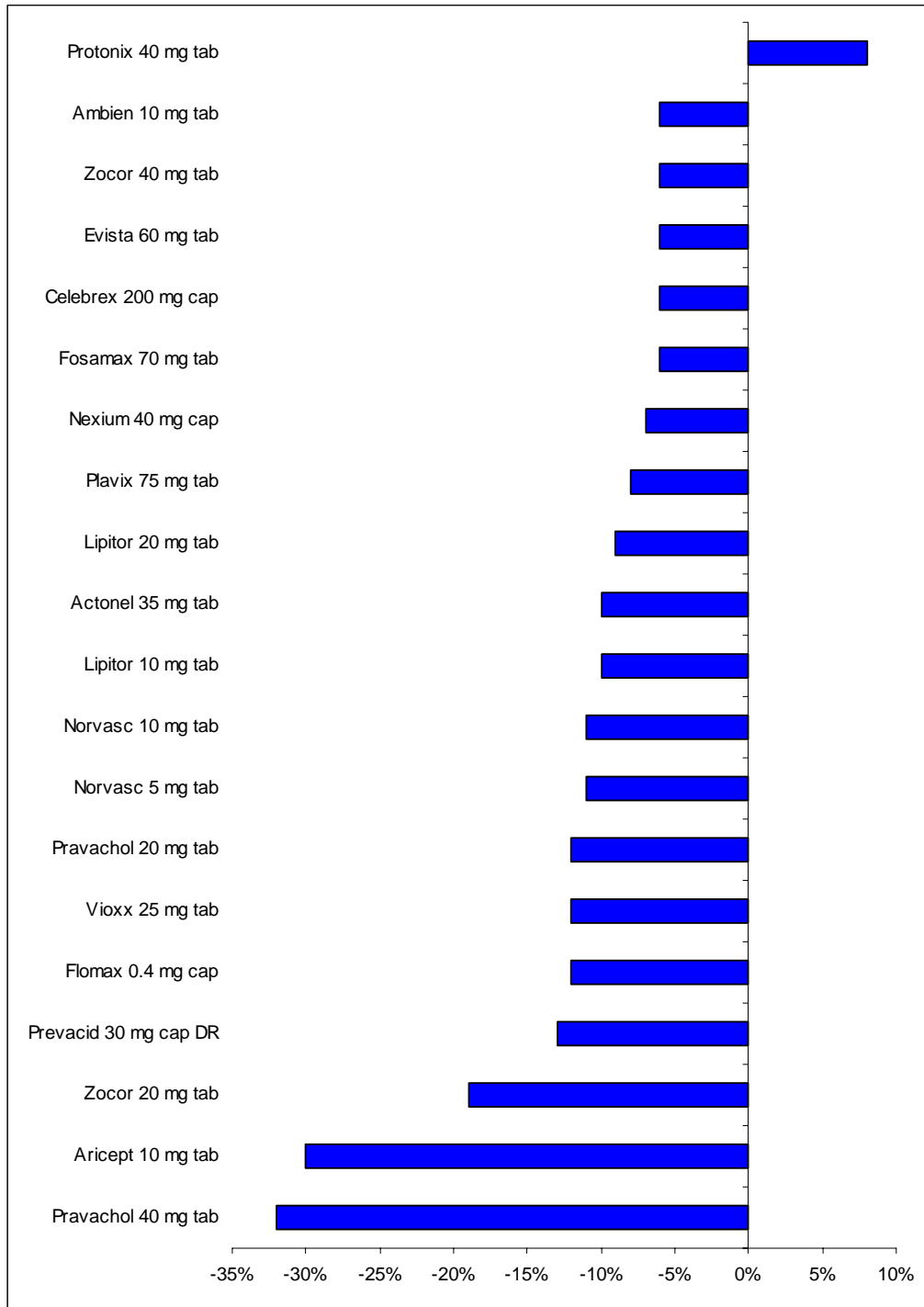
We compared mail order prices for 25 of 26 national Medicare discount cards that offer mail order services and Drugstore.com for the top 20 drugs on our list. We found that, at the individual drug level, the weighted average mail order price across the 25 cards was about 10 percent lower than retail pharmacy prices. This price comparison was not able to take into account lower unit prices for drugs or reduced dispensing fees that may be available from retail pharmacies if a 90-day supply were purchased instead of a 30-day supply. This general relationship between mail order and retail prices also held up at the individual drug level for both the weighted average of the lowest prices (see Figure 6) and the weighted average of the highest prices. Our findings are comparable to those from another study that reported that Medicare card mail order prices are about 10 percent lower than retail pharmacy prices under Medicare discount cards (Health Policy Alternatives, 2004).

Figure 5: Average Price Difference per Prescription across Pharmacies in Chicago Area for 33 National Medicare Cards for 227 Drugs



Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

Figure 6: Comparison of Lowest Mail Order and Retail Prices for Top 20 Drugs across 25 National Medicare Cards*



* Twenty-six of 33 cards offer mail order service. All price data for Walgreen's card were missing from Medicare website for week of Sept 20, 2004. Negative values indicate lower mail order prices.
Source: Medicare.gov website (week of Sept. 20, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

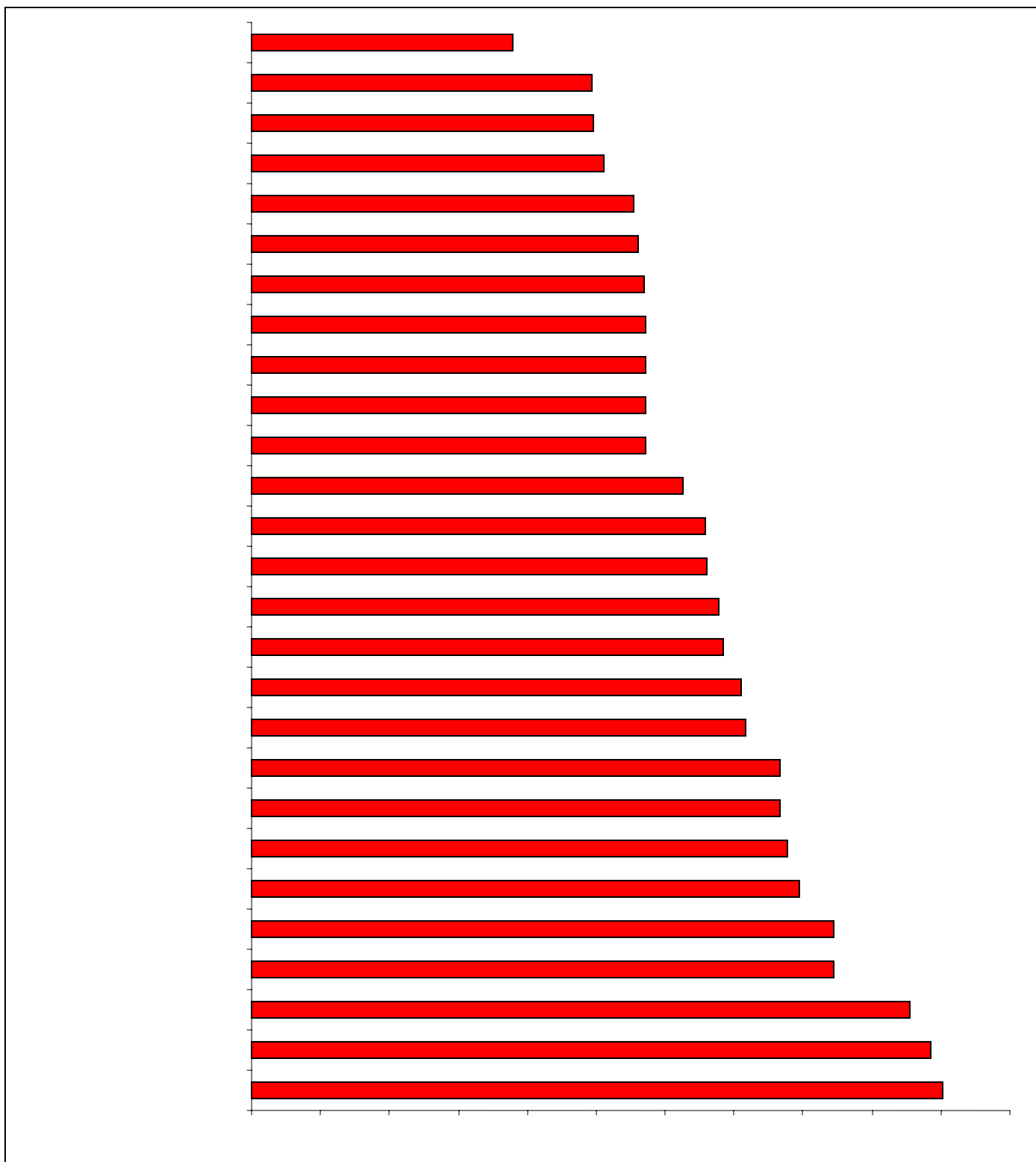
Comparing retail to mail order prices at the card level, we found that the weighted average price per prescription for the top 20 drugs as a group was lower from mail order than retail pharmacies by \$3.41 to \$12.25 (4 percent to 15 percent) (see Appendix Table 6). Cards with the lowest mail order prices showed the largest reductions from their retail prices.

The weighted average mail order price per prescription for the top 20 drugs under the lowest-price card (EnvisionRx) cost about \$2 (3 percent) less than the next lowest-price card (Pharmacy Care Alliance [Option B]) and \$12.14 (17 percent) less than the highest-price card (American Advantage-Med) (see Figure 7). Ranking the cards according to both their weighted average mail order and retail pharmacy price per prescription for the top 20 drugs showed that 12 of the 25 cards did not change more than two ranks. EnvisionRx Plus remained among the three lowest-price cards when ranked on both mail order and retail prices. Cards with the highest average retail price per prescription also ranked relatively high based on mail order prices. However, for a handful of cards, adding mail order prices to the analysis had a dramatic effect on their relative ranking. In particular, lower mail order prices for three cards, Pharmacy Care Alliance (Option B), SXC, and Pharmacy Care Alliance (Option A), improved their price ranks to second, third, and fourth from retail ranks of 20th, 16th, and 26th, respectively. These improvements moved them ahead of two cards with some of the lowest retail prices. At the same time, ArgusRx, InStil, and MedCare dropped from retail price ranks of fourth, fifth, and fifth, respectively, to 19th, 19th, and 18th based on relatively high mail order prices for the top 20 drugs.

Comparison to Drugstore.com

The weighted average mail order price per prescription for the top 20 drugs from Drugstore.com was \$84.06, which was higher than the weighted average price per prescription from any of the Medicare cards for which we were able to obtain mail order prices and about 17 percent higher than the Medicare card with the lowest weighted average mail order price for the top 20 drugs (see Figure 7 and Appendix Table 6). At the individual drug level, Drugstore.com's price was slightly lower than the price offered by the highest-price Medicare card for 16 of the top 20 drugs. However, this difference was not sufficient to lower Drugstore.com's average price for the top 20 drugs as a group below that of the highest-price Medicare card. These findings diverge from an earlier study that found Drugstore.com prices were competitive with mail order prices available under Medicare cards (Health Policy Alternatives, 2004). That study compared Drugstore.com prices for only 10 drugs available under six Medicare cards, none of which were among the cards that offered the lowest prices in our study.

Figure 7: Weighted Average Mail Order Price per Prescription of Top 20 Drugs across 25 National Medicare Cards*



* Twenty-six of 33 cards offer mail order service. All price data for Walgreen's card were missing from Medicare website for week of Sept. 20, 2004.

** Drugstore.com offers mail order service only.

Source: Medicare.gov website (week of Sept. 20, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group.

Prepared by AARP Public Policy Institute.

DISCUSSION

This report contributes at least three important findings to our understanding of the Medicare Drug Discount Card Program: (1) it describes factors that affect prices under Medicare drug discount cards and, therefore, should be considered in making a card choice; (2) it identifies a possible alternative to using the Medicare website for beneficiaries who prefer a simplified process; and (3) it offers a better understanding of the Medicare website's limitations. The findings of this study are not intended to apply to low-income Medicare beneficiaries who are eligible for assistance from manufacturer programs that piggyback onto Medicare's low-income assistance under the card program. Also, the prices reported in this study do not reflect the initial enrollment fee associated with the Medicare discount card, which sponsors are permitted to set at up to \$30 for each calendar year the discount card program is in effect (i.e., 2004 and 2005).

Information Important to Card Selection

Based on analysis of data from the weeks of August 2 and September 20, we found that Medicare beneficiaries can find better drug discounts under some Medicare cards than they can under others. *Because prices for the same drug vary substantially among Medicare discount cards, the most prudent approach to finding lower prices is either through the Medicare website or by calling Medicare's toll-free number, where beneficiaries can identify the card that offers the lowest price for their particular mix of drugs. Nevertheless, we found the Medicare website has important limitations, discussed below.*

Our findings regarding price variations under the same card suggest that pharmacy selection can make a difference as well, when selecting and using a Medicare drug discount card. While another study found that regional variation in prices was minimal (Lewin, 2004), we found that some cards showed substantial price variation within the same geographic area. Even when card prices vary among pharmacies for the same drug, for most cards, this variation is not large. These price variations were most pronounced for cards sponsored by chain drugstores, as noted in an earlier study. For example, Walgreen's and myPharmaCare cards had large within-card price differences that appeared to stem from discounts that were available at pharmacies in the card sponsor's drugstore chain (e.g., Walgreen's or CVS, respectively) but were not available from other retail pharmacies. This finding implies that, to be assured of receiving the discounts expected, Medicare card enrollees must remain cognizant of the pharmacy name(s) on which they based their initial card selection.

The choice of a particular Medicare card may depend on whether the beneficiary plans to use retail or mail order pharmacies more often. In general, mail order drug prices were lower than retail pharmacy prices for the top 20 drugs under 25 Medicare discount cards during the week of September 20. However, the price comparison was not able to account for lower unit prices of drugs or reduced dispensing fees that may be available from retail pharmacies if a 90-day supply were purchased instead of a 30-day supply for which prices were reported on the Medicare website. In addition, a mail order option

may not offer a price advantage for some drugs, such as Ambien, for which prescription duration is limited to 30 days by the Food and Drug Administration.

Simplifying the Process

For those who lack the patience, sophistication, or Internet access to identify a discount card tailored to their individual needs and who still want to lower their prescription drug costs, we found that the card selection process could be simplified. Without considering any regional cards that may be available or the relative convenience that may be afforded by different pharmacy networks, we identified a limited number of Medicare discount cards that rank consistently among the lowest-price range in our study based on price data for many different drug combinations. In addition, we found that a small group of cards tends to rank consistently in the highest-price range. Cards that ranked among the highest price in our study may offer competitive prices on some drugs, although fewer such prices than do other cards.

These findings are not intended to serve as an endorsement of any Medicare drug discount card.

For those beneficiaries who want to fill their prescriptions at a retail pharmacy and live in an area serviced by Walgreen's or CVS pharmacy stores, either of the cards sponsored by these drugstore chains (Walgreen's or myPharmaCare cards, respectively) offers some of the lowest retail pharmacy prices available under any of the Medicare cards. For those who do not live in an area serviced by one of these drugstore chains, one of the other cards that ranked among the lowest in our study, such as the EnvisionRx Plus, U Share, or InStil cards, offered competitive discounts on many drugs that we surveyed. However, these cards do not necessarily offer the lowest mail order prices. We found that the three Medicare cards with the lowest average mail order pharmacy prices for the top 20 drugs included EnvisionRx Plus, Pharmacy Care Alliance (Option B), and SXC Health Solutions.

Beneficiaries who enroll in a card program that does not cover all of their prescribed drugs must pay the retail price at a pharmacy that honors their card or search elsewhere for lower prices on non-covered drugs. Unfortunately, while the Medicare website allows card-specific price comparisons, it does not provide complete information regarding drug formularies. Some card sponsors have made this type of detailed information available on their websites, but many have not. For instance, some card sponsors' websites provide prices for all discounted drugs, whereas others list only the top 100 drugs or require users to enter individual drug names to obtain prices. Because this information is difficult to obtain, it is not generally known whether the lowest-price cards also provide discounts for the most comprehensive lists of drugs.

In addition, prices listed on the Medicare website and on sponsor websites are not always pharmacy-specific prices. The inconsistent availability of pharmacy-specific prices means that cards for which we found less geographic price variation may not have listed their lowest prices for as many drugs as did other cards that showed greater regional price

variability. It also means that prices we found on the Medicare website may be higher than prices Medicare card enrollees will pay at a specific pharmacy.

Based on our findings, we believe that the card selection process could be simplified further if more information about card sponsors and their affiliations was disclosed. The reason is that common sponsorship or affiliation has important price implications. Cards that are affiliated tended to have identical prices or share consistent pricing structures across-the-board. For instance, two cards sponsored by the National Community Pharmacists Association, the Community Care Rx Card and Criterion Advantage Card, had identical retail prices for all drugs for which we collected data. According to the card sponsors, one of these two cards offers mail order services while the other does not.¹¹ However, neither card sponsor discloses that it offers identical prices. In another instance, ScriptSolutions offers two cards, Choice and Freedom, the first of which offers prices that are exactly \$0.25 lower than the second card on all covered drugs for which we collected data. According to the sponsor, the Choice card is intended for low-income beneficiaries who are eligible for the \$600 credit and who fill more than four prescriptions per month. The Freedom card is intended for other beneficiaries who are not eligible for the \$600 credit and who fill fewer than five prescriptions per month. Similarly, Pharmacy Care Alliance offers two cards, Option A and Option B. While the enrollment fee for Option A is less (\$19) than for Option B (\$30), Option A charges \$1 more per prescription. Thus, the difference in the enrollment fees would be recovered after enrolling in Option B by an enrollee who fills a single prescription every month for one year.

In some cases, the relationship between card sponsorship and affiliation is obvious, such as the Walgreen's card, which is sponsored by Walgreen's drugstore. In other cases, the relationship is not obvious, and the Medicare website does not disclose the affiliation. For instance, the myPharmaCare card is affiliated with CVS. While this affiliation is not disclosed on the Medicare website, the myPharmaCare website explains that PharmaCare is a wholly owned subsidiary of CVS. In a similar instance, three cards offered by different sponsors share the same pharmacy benefits manager (three RxSavings cards offered by AdvancePCS). While the Medicare website does not show common sponsorship or an affiliation, two cards (American Prescription Plan and BD Advantage) appear to share some affiliation with the three RxSavings cards offered by AdvancePCS, as all five cards have identical prices for drugs for which we collected data from the Medicare website.

Our findings suggest that the vast array of discount cards does not always result in meaningful price differences and, in fact, may foster confusion among Medicare beneficiaries. The confusion and frustration may arise from the large number of approved cards. Under the circumstances, it may be appropriate for CMS to exercise authority that Congress delegated to restrict the number of discount cards available.

¹¹ We did not find mail order prices for either of these cards on the Medicare website.

Medicare Website

Search Capability

CMS has made an ongoing effort to improve the accuracy and ease of use of the Medicare website to reduce confusion that may arise when beneficiaries face the vast array of choices available under the drug discount program. With numerous discount cards offering different discounts on different drugs at different pharmacies within the same geographic area and prices changing weekly, the information necessary to understand the ramifications of choosing any particular card can be overwhelming. For example, the Medicare website attempts to simplify this process by providing drug-specific, location-specific, and card-specific price information. Recently, the website added a feature designed to help beneficiaries find lower-cost, therapeutically equivalent drugs. However, the list of drugs for which substitutes are available is still limited.

In mid-September, the Medicare website underwent significant alterations that were intended to make it less confusing to beneficiaries by narrowing the default settings to return results for fewer cards and pharmacies. However, we found the limitation on pharmacy choices and the separation of retail and mail order prices frustrating. Even for relatively sophisticated users, the website sequence was time consuming and unnecessarily repetitive. We found that, if a beneficiary was willing to shop in a larger area, the default setting did not always return the lowest prices for a card. However, expanding the pharmacy search radius led to constraints on the number of pharmacies that we could compare at the same time. The overall effect of these changes was to inhibit more expansive price comparisons for prudent shoppers wishing to be thorough.

Missing Values

We found that the Medicare website sometimes excludes prices for some drugs or an entire card and does not explain the reason for these missing values. Incomplete information could cause a beneficiary to inappropriately select a less advantageous card. We could not determine whether missing values were due to a card sponsor's non-coverage of a particular drug, failure to submit the data, or CMS suppression of the data. The website also does not distinguish drug prices that are discounted from those that are not discounted. For example, during the week of September 13, all price data were missing for the myPharmaCare card. During the following week of September 20, all price data were missing for the Walgreen's card. We also found that the website did not list prices for 18 drugs under AARP's card for the week of August 2. We confirmed that AARP's card covers all FDA approved drugs, and that AARP had submitted the relevant price data, but we were unable to determine why these prices were not transferred to the website. According to CMS, if data that card sponsors submit weekly are missing or otherwise considered incomplete or unreliable for too many values of a particular card, CMS simply "suppresses" all price data for the card during the week in question (Stephens, 2004).

Variation in Reporting of Drug Prices

We found that some card sponsors submit price data that vary by pharmacy, while others submit uniform national prices, even though their prices may actually vary at the pharmacy level. This means that, for some cards but not others, prices shown on the website may be higher than those available at specific pharmacies. As a result, beneficiaries may select a card based on inaccurate price information. Unexplained variation in the type of information sponsors disclose about different locations and store types also may contribute to beneficiary confusion. It was unclear whether differences in drug price reporting were due to card sponsor preferences or confusion about the rules. CMS might be able to help generate more comparable price data from sponsors (i.e., at the pharmacy level) by clearly establishing and better publicizing rules for drug price reporting.

Public Disclosure of Price Data

Except as posted on the Medicare website, CMS declines to disclose these drug price data regarding Medicare discount cards to researchers or the public in electronic forms. In addition, drug price data on the Medicare website are electronically overwritten each week, and historical data are not available for public use. While CMS has taken the position that the raw pricing data it receives from card sponsors constitutes proprietary information that is protected from disclosure under the Freedom of Information Act and the Trade Secrets Act, CMS, itself, makes a distinction between the raw pricing data it receives from card sponsors and price data posted on the Medicare website.¹³ Nevertheless, CMS has offered no explanation for making price data reported on the Medicare website publicly available in other formats.

One approach that could substantially simplify the overall discount card shopping process would be for Medicare to preserve historical price data and make all the price data it displays on the Medicare website publicly available in an electronic format that can be copied and manipulated. Congressional approval would not be required to allow such disclosure because these price data are not protected by statute.¹⁴ This approach could facilitate beneficiary savings by making the Medicare website data more readily available to the public, and would facilitate a variety of price comparisons, such as comparisons across geographic locations and over time, that are very difficult to do using only the Medicare website. It would also allow non-government organizations to collate these data with data from other sources in a user-friendly format. It is quite possible that a private market would spring up to offer these and other services to beneficiaries seeking to lower their drug costs.

¹³ CMS. "Drug Card Sponsors Questions & Answers," Update May 6, 2004, p. 64. Available at: <http://www.cms.hhs.gov/discountdrugs/genwebversion050404.pdf>.

¹⁴ P.L. 108-173 § 105(b).

An additional benefit of greater accessibility of drug price data might be to moderate prescription drug prices by encouraging greater price competition. Admittedly, public disclosure of price data carries the risk of facilitating collusion in price setting among drug sellers at all levels in the distribution chain. Whether the benefits of public disclosure outweigh the risks is a question that deserves careful attention. However, price data on the Medicare website are not sufficiently useful in their current format to allow the public to monitor the competitive or anti-competitive effects of this information.

CONCLUSION

A high level of price variation among drugs available through Medicare drug discount cards increases the opportunity for beneficiaries to find lower prescription drug prices through the card program. The most prudent approach would be for beneficiaries to use the Medicare website to identify the best card for their individual circumstances. However, the website has important limitations. A less than perfect alternative would be for a beneficiary to select a Medicare drug discount card that our study has shown to offer relative price advantages. It is important to note that, as a result of being simplified, this alternative approach does not take into account all of the price and non-price factors that an individual beneficiary might otherwise consider.

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Appendix Table 1: Pharmacies within Six Mile Radius of Zip Code 60619 (Chicago, IL) that Accept at Least One of 33 National Medicare Cards

Pharmacy	Number of Pharmacies
Ambika Pharmacy	1
Ana Solis Do	1
Auburn Pharmacy	1
B&G Heinz Pharmacy	1
Costco Pharmacy	1
Cottage Clinic Pharmacy, Inc.	1
Cub Pharmacy	2
CVS Pharmacy	5
Doubek Pharmacy, Inc.	1
Drexler	1
Englewood Rx Pharmacy, Inc.	1
Frank Pharmacy	1
Getwell Pharmacy	1
Glendale Pharmacy	1
Infusion Plus, Inc.	1
J&J Pharmacy	1
J&M Pharmacy	1
Jackson Park Pharmacy	1
Jerozal Pharmacy	1
K&K Pharmacy	1
K&S Pharmacy, Inc.	1
Katsaros Pharmacy	1
Kishan Pharmacy	1
K-Mart Pharmacy	1
M&R Pharmacy Center	1
Mall Pharmacy, Inc.	1
Medical Specialist Pharmacy	1
Medicine Shoppe Pharmacy	1
Midway Pharmacy	1
Morgan Park Pharmacy	1
Oscos Drug	16
Pat Pharmacy	1
Pinta & Warzecha	1
Pro Pharmacy	1
Professional Building Pharmacy	1
R&S Pharmacy, Inc.	1
Ramona Styles- Binion MD	1
Randolph's Rx Pharmacy	1
Roger Professional Pharmacy	1
Rolex Pharmacy	1
Rosenblum Drug	1
Sam's Pharmacy	1
Seeley Medical Pharmacy	1
Shiv	1
South Side Pharmacy, Inc.	1
South Town	1
Southern Pharmacy	1
St Bernard Hospital O/P Pharmacy	1
Target	2
University of Chicago O/P Pharmacy	1
Upgrade Pharmacy, Inc.	1
Walgreen Drug Store	41
Walker's Cottage Apothecary	1
Wells Prescription Pharmacy	1
111 th Pharma- Care LTD	1
200 Pharmacy, Inc.	1
	117

Source: Medicare.gov website (Aug. 2004).
Prepared by AARP Public Policy Institute.

Appendix Table 2: Difference (in Dollars and Percentages) between Low and High Price for 227 Drugs across 33 National Medicare Cards

Low-High Percent Difference per Prescription for Individual Drugs	Low-High Dollar Difference per Prescription for Individual Drugs								Total Number of Drugs
	\$0-\$1.00	\$1.01-\$2.00	\$2.01-\$5.00	\$5.01-\$10.00	\$10.01-\$15.00	\$15.01-\$25.00	\$25.01-\$50.00	\$50.01+	
0%-5%	0	2	0	0	0	0	0	0	2
6%-10%	0	0	0	3	2	0	0	0	5
11%-25%	1	0	8	41	28	14	1	1	94
26%-50%	0	0	2	11	10	13	10	0	46
51%-75%	0	0	4	3	0	2	3	1	13
76%-100%	0	0	5	10	0	1	2	3	21
100%+	0	0	8	10	6	6	8	8	46
Total Number of Drugs	1	2	27	78	46	36	24	13	227

Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group.

Prepared by AARP Public Policy Institute.

Appendix Table 3: Summary Price Measures for 227 Drugs across 33 National Medicare Cards

AARP Sales Rank	Drug Name and Dose	Generic vs. Brand	Lowest Price	Highest Price	Price Range (\$)	Price Range (%)	Average Price	Median Price
1	Plavix 75 mg tab	B	\$108.14	\$123.25	\$15.11	14%	\$117.16	\$118.27
2	Fosamax 70 mg tab	B	\$51.51	\$71.40	\$19.89	39%	\$64.48	\$64.48
3	Lipitor 10 mg tab	B	\$64.56	\$71.94	\$7.38	11%	\$67.91	\$67.54
4	Lipitor 20 mg tab	B	\$90.77	\$102.36	\$11.59	13%	\$97.70	\$97.86
5	Norvasc 5 mg tab	B	\$41.42	\$47.61	\$6.19	15%	\$44.38	\$44.03
6	Celebrex 200 mg cap	B	\$74.14	\$88.22	\$14.08	19%	\$81.47	\$80.81
7	Prevacid 30 mg cap DR	B	\$104.56	\$131.43	\$26.87	26%	\$117.01	\$115.09
8	Protonix 40 mg tab	B	\$68.71	\$106.18	\$37.47	55%	\$91.59	\$88.81
9	Zocor 20 mg tab	B	\$74.72	\$129.44	\$54.72	73%	\$98.25	\$82.49
10	Evista 60 mg tab	B	\$66.99	\$78.37	\$11.38	17%	\$73.82	\$73.49
11	Norvasc 10 mg tab	B	\$56.68	\$63.66	\$6.98	12%	\$59.99	\$59.66
12	Nexium 40 mg cap	B	\$98.90	\$131.56	\$32.66	33%	\$111.59	\$108.53
13	Aricept 10 mg tab	B	\$126.42	\$139.86	\$13.44	11%	\$134.22	\$133.88
14	Flomax 0.4 mg cap	B	\$51.07	\$58.59	\$7.52	15%	\$54.16	\$53.41
15	Actonel 35 mg tab	B	\$49.65	\$69.50	\$19.85	40%	\$62.14	\$61.77
16	Xalatan 0.01 % sol	B	\$48.53	\$55.29	\$6.76	14%	\$52.11	\$51.80
17	Zocor 40 mg tab	B	\$91.40	\$129.44	\$38.04	42%	\$107.27	\$98.57
18	Vioxx 25 mg tab	B	\$73.55	\$103.23	\$29.68	40%	\$81.73	\$80.41
19	Ambien 10 mg tab	B	\$72.75	\$182.61	\$109.86	151%	\$89.77	\$84.38
20	Pravachol 40 mg tab	B	\$103.33	\$140.91	\$37.58	36%	\$117.42	\$116.67
21	Pravachol 20 mg tab	B	\$72.33	\$90.54	\$18.21	25%	\$81.31	\$80.30
22	Premarin 0.625 mg tab	B	\$18.41	\$36.69	\$18.28	99%	\$27.80	\$27.45
23	Lipitor 40 mg tab	B	\$91.27	\$102.36	\$11.09	12%	\$97.75	\$97.86
24	Omeprazole 20 mg cap	G	\$56.68	\$111.39	\$54.71	97%	\$87.45	\$89.96
25	Toprol XL 50 mg tab	B	\$18.97	\$26.78	\$7.81	41%	\$21.90	\$21.54
26	Levaquin 500 mg tab	B	\$80.19	\$109.94	\$29.75	37%	\$90.47	\$88.51
27	Detrol LA 4 mg cap	B	\$81.91	\$90.85	\$8.94	11%	\$86.48	\$86.13
28	Neurontin 300 mg cap	B	\$37.20	\$46.37	\$9.17	25%	\$41.09	\$41.10
29	Zoloft 50 mg tab	B	\$67.59	\$88.99	\$21.40	32%	\$75.76	\$74.74
30	Aciphex 20 mg tab	B	\$109.41	\$126.94	\$17.53	16%	\$116.83	\$114.68
31	Lotrel 5-20 mg cap	B	\$61.48	\$74.90	\$13.42	22%	\$65.87	\$65.15
32	Cozaar 50 mg tab	B	\$37.79	\$49.82	\$12.03	32%	\$43.34	\$42.57
33	Toprol XL 100 mg tab	B	\$25.81	\$37.97	\$12.16	47%	\$31.37	\$31.11
34	Combivent 120-20 mcg/act aer	B	\$53.38	\$64.96	\$11.58	22%	\$60.95	\$60.86
35	Alphagan P 0.15 % sol	B	\$34.26	\$42.79	\$8.53	25%	\$38.27	\$37.97
36	Singulair 10 mg tab	B	\$73.52	\$90.11	\$16.59	23%	\$81.39	\$79.66
37	Advair Diskus 250- 50 mg mist	B	\$64.18	\$77.30	\$13.12	20%	\$69.06	\$68.08
38	Proscar 5 mg tab	B	\$70.91	\$88.12	\$17.21	24%	\$77.74	\$76.95
39	Zithromax 250 mg tab	B	\$41.13	\$47.50	\$6.37	15%	\$44.46	\$44.13
40	Celexa 20 mg tab	B	\$69.96	\$75.28	\$5.32	8%	\$72.93	\$73.28
41	Aricept 5 mg tab	B	\$126.42	\$139.86	\$13.44	11%	\$134.06	\$133.88
42	Zetia 10 mg tab	B	\$66.97	\$74.98	\$8.01	12%	\$71.76	\$71.59
43	Ambien 5 mg tab	B	\$58.59	\$91.57	\$32.98	56%	\$69.89	\$69.12
44	Diovan 80 mg tab	B	\$41.06	\$86.31	\$45.25	110%	\$51.27	\$44.56

AARP Sales Rank	Drug Name and Dose	Generic vs. Brand	Lowest Price	Highest Price	Price Range (\$)	Price Range (%)	Average Price	Median Price
45	Bextra 10 mg tab	B	\$78.30	\$141.58	\$63.28	81%	\$89.13	\$85.86
46	Tricor 160 mg tab	B	\$80.88	\$96.34	\$15.46	19%	\$87.28	\$86.56
47	Zolof 100 mg tab	B	\$67.59	\$79.50	\$11.91	18%	\$75.15	\$74.74
48	Cosopt 2-0.5 % sol	B	\$82.02	\$83.44	\$1.42	2%	\$82.67	\$82.61
49	Altace 10 mg cap	B	\$42.92	\$59.89	\$16.97	40%	\$47.35	\$46.33
50	Zocor 10 mg tab	B	\$51.59	\$76.11	\$24.52	48%	\$64.50	\$61.79
51	Paxil 20 mg tab	B	\$73.13	\$105.63	\$32.50	44%	\$78.45	\$75.79
52	Diovan 160 mg tab	B	\$44.16	\$86.31	\$42.15	95%	\$54.60	\$48.20
53	Cipro 500 mg tab	B	\$154.16	\$319.51	\$165.35	107%	\$167.98	\$158.45
54	Lexapro 10 mg tab	B	\$56.66	\$64.86	\$8.20	14%	\$61.22	\$60.45
55	Glucophage 500 mg tab XR	B	\$22.88	\$27.18	\$4.30	19%	\$25.52	\$25.65
56	Diovan HCT 160- 12.5 mg tab	B	\$48.16	\$58.08	\$9.92	21%	\$52.76	\$52.15
57	Bextra 20 mg tab	B	\$78.30	\$117.70	\$39.40	50%	\$87.89	\$85.86
58	Lotrel 5-10 mg cap	B	\$57.30	\$76.62	\$19.32	34%	\$63.38	\$62.43
59	Altace 5 mg cap	B	\$35.06	\$44.82	\$9.76	28%	\$38.63	\$38.26
60	Zyrtec 10 mg tab	B	\$54.94	\$61.90	\$6.96	13%	\$58.38	\$58.01
61	Hyzaar 100-25 mg tab	B	\$51.42	\$66.23	\$14.81	29%	\$58.05	\$56.71
62	Viagra 100 mg tab	B	\$87.50	\$97.00	\$9.50	11%	\$92.10	\$91.85
63	Atenolol 50 mg tab	G	\$3.31	\$8.20	\$4.89	148%	\$5.61	\$5.67
64	Zyprexa 2.5 mg tab	B	\$143.33	\$155.57	\$12.24	9%	\$148.41	\$147.16
65	Allegra 180 mg tab	B	\$56.23	\$70.88	\$14.65	26%	\$62.26	\$61.16
66	Lumigan 0.03 % sol	B	\$97.91	\$112.55	\$14.64	15%	\$103.10	\$101.91
67	Hyzaar 50-12.5 mg tab	B	\$37.42	\$50.59	\$13.17	35%	\$43.44	\$42.57
68	Accupril 20 mg tab	B	\$32.60	\$39.97	\$7.37	23%	\$36.88	\$36.71
69	Toprol XL 25 mg tab	B	\$18.12	\$26.78	\$8.66	48%	\$21.63	\$21.54
70	Furosemide 40 mg tab	G	\$2.76	\$5.85	\$3.09	112%	\$4.64	\$4.80
71	Lescol XL 80 mg tab	B	\$61.12	\$72.40	\$11.28	18%	\$65.76	\$65.03
72	Accupril 40 mg tab	B	\$32.60	\$39.97	\$7.37	23%	\$36.91	\$36.71
73	Advair Diskus 100- 50 mg mist	B	\$48.64	\$63.66	\$15.02	31%	\$55.17	\$54.47
74	Coumadin 5 mg tab	B	\$20.10	\$29.12	\$9.02	45%	\$24.32	\$23.68
75	Propoxyphene- N/APAP 100-650 tab	G	\$4.62	\$9.15	\$4.53	98%	\$7.39	\$7.75
76	Effexor XR 75 mg cap	B	\$64.78	\$157.90	\$93.12	144%	\$83.96	\$79.16
77	Flonase 0.05 % spr	B	\$56.36	\$66.86	\$10.50	19%	\$60.56	\$60.17
78	Metoprolol 50 mg tab	G	\$4.11	\$9.10	\$4.99	121%	\$5.26	\$5.07
79	Aggrenox 25-200 mg cap	B	\$54.90	\$62.77	\$7.87	14%	\$58.75	\$58.39
80	Actos 30 mg tab	B	\$133.57	\$167.97	\$34.40	26%	\$149.07	\$150.28
81	Ditropan XL 10 mg tab	B	\$79.23	\$99.52	\$20.29	26%	\$84.69	\$82.97
82	Pletal 100 mg tab	B	\$46.00	\$57.41	\$11.41	25%	\$51.59	\$50.60
83	Glucotrol XL 10 mg tab	B	\$24.96	\$29.75	\$4.79	19%	\$27.55	\$27.50
84	Norvasc 2.5 mg tab	B	\$41.42	\$47.61	\$6.19	15%	\$44.31	\$44.03
85	Zyprexa 5 mg tab	B	\$169.17	\$189.05	\$19.88	12%	\$175.88	\$174.30
86	Ultracet 37.5-325 mg tab	B	\$25.34	\$32.57	\$7.23	29%	\$28.62	\$28.23
87	Oxycontin 20 mg tab CR	B	\$72.06	\$81.35	\$9.29	13%	\$76.33	\$75.96
88	Amaryl 4 mg tab	B	\$27.59	\$38.14	\$10.55	38%	\$33.32	\$33.54

AARP Sales Rank	Drug Name and Dose	Generic vs. Brand	Lowest Price	Highest Price	Price Range (\$)	Price Range (%)	Average Price	Median Price
89	Ciprofloxacin 500 mg tab	G	\$49.50	\$159.45	\$109.95	222%	\$124.45	\$141.42
90	Synthroid 100 mcg tab	B	\$9.71	\$18.27	\$8.56	88%	\$13.19	\$12.58
91	Prevacid 15 mg cap DR	B	\$106.71	\$129.07	\$22.36	21%	\$115.10	\$113.07
92	Ditropan XL 5 mg tab	B	\$79.14	\$92.75	\$13.61	17%	\$83.65	\$82.89
93	Coreg 6.25 mg tab	B	\$43.93	\$52.89	\$8.96	20%	\$47.32	\$47.09
94	Glucovance 5-500 mg tab	B	\$29.48	\$34.32	\$4.84	16%	\$32.29	\$32.32
95	Zocor 80 mg tab	B	\$91.40	\$129.44	\$38.04	42%	\$105.97	\$98.57
96	Prilosec 20 mg cap CR	B	\$101.38	\$205.50	\$104.12	103%	\$115.40	\$108.55
97	Synthroid 50 mcg tab	B	\$8.67	\$59.93	\$51.26	591%	\$13.63	\$11.43
98	Hydrocodone/APAP 5-500 mg tab	G	\$5.07	\$9.49	\$4.42	87%	\$8.00	\$8.16
99	Lantus 100 U/ml inj	B	\$52.33	\$69.98	\$17.65	34%	\$55.72	\$55.44
100	Actos 45 mg tab	B	\$145.06	\$168.86	\$23.80	16%	\$160.59	\$162.82
101	Lescol 40 mg cap	B	\$47.52	\$57.52	\$10.00	21%	\$52.06	\$51.40
102	Asacol 400 mg tab EC	B	\$26.60	\$33.23	\$6.63	25%	\$30.04	\$29.91
103	Reminyl 8 mg tab	B	\$64.36	\$76.29	\$11.93	19%	\$68.54	\$67.94
104	Diovan HCT 80-12.5 mg tab	B	\$44.18	\$53.74	\$9.56	22%	\$49.02	\$48.22
105	Avapro 150 mg tab	B	\$39.70	\$49.21	\$9.51	24%	\$43.16	\$42.94
106	Seroquel 25 mg tab	B	\$40.20	\$53.06	\$12.86	32%	\$43.98	\$43.57
107	Celebrex 100 mg cap	B	\$46.00	\$79.68	\$33.68	73%	\$52.41	\$50.26
108	Synthroid 75 mcg tab	B	\$9.63	\$59.93	\$50.30	522%	\$14.85	\$12.36
109	Altace 2.5 mg cap	B	\$32.10	\$45.71	\$13.61	42%	\$36.07	\$35.35
110	Klor-Con M20 20 meq ER tab	G	\$11.63	\$18.33	\$6.70	58%	\$13.71	\$13.97
111	Casodex 50 mg tab	B	\$342.87	\$400.84	\$57.97	17%	\$355.15	\$351.46
112	Carbidopa/Levodopa ER 50-200 mg tab	G	\$33.24	\$74.65	\$41.41	125%	\$47.38	\$48.37
113	Avandia 8 mg tab	B	\$131.78	\$150.69	\$18.91	14%	\$138.27	\$136.73
114	Triamterene/HCTZ 37.5-25 cap	G	\$4.30	\$13.03	\$8.73	203%	\$10.57	\$12.03
115	Vioxx 12.5 mg tab	B	\$73.98	\$86.93	\$12.95	18%	\$81.01	\$80.41
116	Neurontin 100 mg cap	B	\$15.26	\$22.30	\$7.04	46%	\$18.11	\$17.94
117	Warfarin 5 mg tab	G	\$7.63	\$19.62	\$11.99	157%	\$15.43	\$16.83
118	Levaquin 250 mg tab	B	\$75.50	\$85.67	\$10.17	13%	\$78.48	\$77.35
119	Arimidex 1 mg tab	B	\$185.06	\$218.42	\$33.36	18%	\$192.03	\$190.84
120	Duragesic 50 mcg/hr dis	B	\$114.36	\$132.02	\$17.66	15%	\$119.67	\$118.55
121	Potassium Chloride 10 meq ER cap	G	\$5.99	\$12.26	\$6.27	105%	\$9.22	\$9.22
122	Mobic 7.5 mg tab	B	\$74.68	\$84.65	\$9.97	13%	\$78.52	\$77.46
123	Avandia 4 mg tab	B	\$71.42	\$83.42	\$12.00	17%	\$75.57	\$75.18
124	Duragesic 25 mcg/hr dis	B	\$62.56	\$74.27	\$11.71	19%	\$66.68	\$66.10
125	Miralax 3350 mg powder	B	\$35.50	\$43.57	\$8.07	23%	\$38.39	\$38.18
126	Klor-Con M10 10 meq ER tab	G	\$6.69	\$18.33	\$11.64	174%	\$9.63	\$9.27
127	Coreg 25 mg tab	B	\$43.93	\$52.89	\$8.96	20%	\$47.32	\$47.09

AARP Sales Rank	Drug Name and Dose	Generic vs. Brand	Lowest Price	Highest Price	Price Range (\$)	Price Range (%)	Average Price	Median Price
128	Advair Diskus 500-50 mg mist	B	\$88.65	\$102.68	\$14.03	16%	\$93.76	\$92.82
129	Paxil 10 mg tab	B	\$68.86	\$90.44	\$21.58	31%	\$73.93	\$72.66
130	Flovent 110 mcg/act aer	B	\$72.82	\$91.35	\$18.53	25%	\$83.68	\$83.95
131	Verapamil 240 mg SR tab	G	\$14.70	\$32.70	\$18.00	122%	\$28.66	\$29.83
132	Lipitor 80 mg tab	B	\$92.36	\$102.36	\$10.00	11%	\$98.11	\$97.86
133	Detrol 2 mg tab	B	\$47.71	\$54.28	\$6.57	14%	\$50.90	\$50.45
134	Allegra 60 mg tab	B	\$32.99	\$42.79	\$9.80	30%	\$37.02	\$36.56
135	Neurontin 600 mg tab	B	\$75.20	\$76.29	\$1.09	1%	\$75.75	\$75.75
136	Lotensin 20 mg tab	B	\$30.13	\$78.30	\$48.17	160%	\$36.01	\$32.98
137	Wellbutrin SR 150 mg tab	B	\$50.73	\$68.02	\$17.29	34%	\$55.39	\$54.51
138	Albuterol aerosol 90 mcg	G	\$6.99	\$18.75	\$11.76	168%	\$13.77	\$13.19
139	Accupril 10 mg tab	B	\$32.60	\$39.97	\$7.37	23%	\$37.01	\$36.71
140	Exelon 3 mg cap	B	\$69.31	\$78.26	\$8.95	13%	\$73.58	\$73.27
141	Viagra 50 mg tab	B	\$87.50	\$97.00	\$9.50	11%	\$92.16	\$91.85
142	Timolol gel sol 0.5% (ophth)	G	\$11.00	\$28.92	\$17.92	163%	\$17.22	\$16.46
143	Isosorbide Mononitrate 30 mg ER tab	G	\$4.79	\$40.80	\$36.01	752%	\$19.54	\$15.09
144	Coreg 3.125 mg tab	B	\$43.93	\$52.89	\$8.96	20%	\$47.32	\$47.09
145	Premarin 0.3 mg tab	B	\$16.41	\$41.18	\$24.77	151%	\$26.43	\$25.56
146	Lescol 20 mg cap	B	\$47.52	\$57.52	\$10.00	21%	\$51.80	\$51.17
147	Fosamax 35 mg tab	B	\$60.62	\$71.40	\$10.78	18%	\$64.75	\$64.48
148	Cephalexin 500 mg cap	G	\$8.38	\$20.62	\$12.24	146%	\$15.44	\$15.84
149	Coreg 12.5 mg tab	B	\$43.93	\$52.89	\$8.96	20%	\$47.33	\$47.08
150	Actonel 30 mg tab	B	\$143.24	\$167.01	\$23.77	17%	\$151.59	\$150.32
151	Celexa 40 mg tab	B	\$71.30	\$78.36	\$7.06	10%	\$76.01	\$76.36
152	Atrovent Inhaler 18 mcg/act aer	B	\$20.72	\$62.21	\$41.49	200%	\$24.68	\$22.22
153	Macrobid 100 mg cap	B	\$58.80	\$68.34	\$9.54	16%	\$63.40	\$63.40
154	Effexor XR 150 mg cap	B	\$78.63	\$101.35	\$22.72	29%	\$87.44	\$85.99
155	Furosemide 20 mg tab	G	\$2.61	\$5.85	\$3.24	124%	\$4.53	\$4.69
156	Glucotrol XL 5 mg tab	B	\$12.60	\$17.25	\$4.65	37%	\$15.13	\$15.08
157	Reminyl 4 mg tab	B	\$64.36	\$76.29	\$11.93	19%	\$68.54	\$67.94
158	Atacand 32 mg tab	B	\$45.34	\$61.69	\$16.35	36%	\$50.55	\$49.37
159	Hydrochlorothiazide 25 mg tab	G	\$2.50	\$5.70	\$3.20	128%	\$4.31	\$4.41
160	Risperdal 0.5 mg tab	B	\$80.54	\$94.18	\$13.64	17%	\$84.95	\$84.18
161	Atenolol 25 mg tab	G	\$4.82	\$8.54	\$3.72	77%	\$6.54	\$6.56
162	Serevent 21 mcg/act aer	B	\$72.27	\$84.44	\$12.17	17%	\$78.30	\$76.34
163	Oxycontin 40 mg tab CR	B	\$127.88	\$140.85	\$12.97	10%	\$133.36	\$132.58
164	Actonel 5 mg tab	B	\$61.26	\$74.15	\$12.89	21%	\$66.46	\$66.00
165	Lotrel 10-20 mg cap	B	\$71.31	\$80.28	\$8.97	13%	\$75.53	\$75.33
166	Zoloft 25 mg tab	B	\$71.60	\$79.50	\$7.90	11%	\$75.31	\$74.74
167	Glucovance 2.5-500 mg tab	B	\$29.48	\$34.32	\$4.84	16%	\$32.26	\$32.32

AARP Sales Rank	Drug Name and Dose	Generic vs. Brand	Lowest Price	Highest Price	Price Range (\$)	Price Range (%)	Average Price	Median Price
168	Clarinet 5 mg tab	B	\$62.69	\$71.51	\$8.82	14%	\$67.55	\$67.52
169	Pacerone 200 mg tab	G	\$13.99	\$94.15	\$80.16	573%	\$42.86	\$41.30
170	Cartia XT 240/24Hr cap	G	\$36.43	\$56.53	\$20.10	55%	\$47.40	\$46.76
171	Actos 15 mg tab	B	\$83.66	\$99.15	\$15.49	19%	\$94.23	\$95.97
172	Cozaar 100 mg tab	B	\$51.42	\$66.23	\$14.81	29%	\$58.14	\$56.71
173	Monopril 10 mg tab	B	\$36.15	\$41.07	\$4.92	14%	\$38.99	\$39.07
174	Serevent Disk 50 mcg aer	B	\$81.74	\$264.01	\$182.27	223%	\$97.84	\$87.90
175	Humulin N 100 IU inj	B	\$26.23	\$31.04	\$4.81	18%	\$28.33	\$27.82
176	Travatan 0.004 % sol	B	\$53.12	\$58.61	\$5.49	10%	\$55.79	\$55.86
177	Premarin 1.25 mg tab	B	\$29.05	\$49.55	\$20.50	71%	\$33.96	\$32.54
178	Monopril 20 mg tab	B	\$36.15	\$41.07	\$4.92	14%	\$38.92	\$39.07
179	Synthroid 125 mcg tab	B	\$11.44	\$20.63	\$9.19	80%	\$15.10	\$14.35
180	Paxil CR 25 mg tab	B	\$71.82	\$83.84	\$12.02	17%	\$75.89	\$75.58
181	Diltiazem ER 240 mg/24 cap	G	\$14.79	\$56.90	\$42.11	285%	\$46.01	\$48.65
182	Coumadin 2 mg tab	B	\$19.09	\$26.19	\$7.10	37%	\$22.52	\$22.43
183	Welchol 625 mg tab	B	\$22.80	\$28.78	\$5.98	26%	\$26.30	\$26.04
184	Oxycontin 10 mg tab CR	B	\$37.90	\$44.66	\$6.76	18%	\$41.33	\$41.37
185	Nasonex 50 mcg/act spr	B	\$64.00	\$71.99	\$7.99	12%	\$67.70	\$67.01
186	Paxil CR 12.5 mg tab	B	\$68.86	\$80.53	\$11.67	17%	\$72.86	\$72.54
187	Gemfibrozil 600 mg tab	G	\$8.41	\$16.00	\$7.59	90%	\$13.35	\$13.90
188	Carbidopa/Levodopa 25-100 mg tab	G	\$9.19	\$22.76	\$13.57	148%	\$15.26	\$15.87
189	Premarin Vag 0.625 mg cre	B	\$35.80	\$64.97	\$29.17	81%	\$50.45	\$50.51
190	Digitek 0.125 mg tab	G	\$5.36	\$9.00	\$3.64	68%	\$7.34	\$7.44
191	Lotensin 10 mg tab	B	\$30.13	\$40.47	\$10.34	34%	\$33.31	\$32.98
192	Torsemede 20 mg tab	G	\$17.52	\$26.59	\$9.07	52%	\$22.77	\$23.18
193	Lanoxin 0.125 mg tab	B	\$4.61	\$10.96	\$6.35	138%	\$7.18	\$7.04
194	Warfarin 2 mg tab	G	\$10.31	\$18.89	\$8.58	83%	\$15.60	\$16.20
195	Coumadin 2.5 mg tab	B	\$19.76	\$26.88	\$7.12	36%	\$23.15	\$22.82
196	Methotrexate 2.5 mg tab	G	\$22.00	\$58.09	\$36.09	164%	\$40.37	\$40.41
197	Isosorbide Mononitrate 60 mg ER tab	G	\$5.17	\$30.19	\$25.02	484%	\$16.93	\$14.50
198	Lisinopril 20 mg tab	G	\$6.28	\$22.92	\$16.64	265%	\$15.99	\$13.90
199	Synthroid 88 mcg tab	B	\$9.92	\$18.58	\$8.66	87%	\$13.38	\$12.53
200	Levoxyl 100 mcg tab	G	\$6.80	\$12.81	\$6.01	88%	\$10.52	\$10.45
201	Levoxyl 50 mcg tab	G	\$5.07	\$11.84	\$6.77	134%	\$8.98	\$9.40
202	Hydrochlorothiazide 12.5 mg cap	G	\$5.99	\$14.08	\$8.09	135%	\$11.97	\$12.05
203	Lanoxin 0.25 mg tab	B	\$4.61	\$10.96	\$6.35	138%	\$7.19	\$7.01
204	Warfarin 2.5 mg tab	G	\$10.63	\$19.40	\$8.77	83%	\$15.60	\$16.64
205	Amaryl 2 mg tab	B	\$15.88	\$22.34	\$6.46	41%	\$18.91	\$18.81
206	Levoxyl 75 mcg tab	G	\$5.39	\$12.61	\$7.22	134%	\$9.80	\$10.25
207	Metformin 500 mg tab	G	\$6.85	\$14.42	\$7.57	111%	\$11.87	\$13.05
208	Synthroid 25 mcg tab	B	\$7.59	\$15.21	\$7.62	100%	\$10.89	\$10.36

AARP Sales Rank	Drug Name and Dose	Generic vs. Brand	Lowest Price	Highest Price	Price Range (\$)	Price Range (%)	Average Price	Median Price
209	Potassium Chloride 20 meq CR tab	G	\$8.99	\$24.31	\$15.32	170%	\$14.19	\$13.86
210	Warfarin 1 mg tab	G	\$10.40	\$18.23	\$7.83	75%	\$14.78	\$15.63
211	Lisinopril 10 mg tab	G	\$5.38	\$21.66	\$16.28	303%	\$13.94	\$11.46
212	Triamterene/HCTZ 37.5-25 tab	G	\$4.95	\$10.22	\$5.27	106%	\$8.04	\$7.97
213	Foltx 2.5-25-1 mg tab	B	\$15.68	\$17.70	\$2.02	13%	\$16.82	\$16.93
214	Digitex 0.25 mg tab	G	\$4.83	\$8.98	\$4.15	86%	\$7.37	\$7.44
215	Spironolactone 25 mg tab	G	\$7.75	\$12.54	\$4.79	62%	\$11.17	\$11.50
216	Warfarin Sodium 3 mg tab	G	\$9.97	\$19.94	\$9.97	100%	\$16.28	\$16.89
217	Folic Acid 1 mg tab	G	\$3.77	\$12.40	\$8.63	229%	\$8.27	\$8.98
218	Atenolol 100 mg tab	G	\$4.25	\$11.20	\$6.95	164%	\$7.75	\$7.70
219	SMZ/TMP DS 800- 160 tab	G	\$6.85	\$7.60	\$0.75	11%	\$7.29	\$7.35
220	Amoxicillin 500 mg cap	G	\$4.97	\$8.20	\$3.23	65%	\$6.68	\$6.70
221	Trimox 500 mg cap	G	\$4.97	\$8.07	\$3.10	62%	\$6.64	\$6.64
222	Oxycodone/APAP 5- 325 mg tab	G	\$5.33	\$7.91	\$2.58	48%	\$6.54	\$6.68
223	Nitroquick Sub 0.4 mg	G	\$3.22	\$7.47	\$4.25	132%	\$5.70	\$5.92
224	Furosemide 80 mg tab	G	\$3.42	\$17.36	\$13.94	408%	\$6.42	\$5.99
225	Prednisone 5 mg tab	G	\$2.72	\$6.33	\$3.61	133%	\$4.15	\$4.30
226	Meclizine 25 mg tab	G	\$3.10	\$6.30	\$3.20	103%	\$4.81	\$4.90
227	Hydrochlorothiazide 50 mg tab	G	\$2.69	\$6.90	\$4.21	157%	\$5.42	\$5.81

Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

Appendix Table 4: Dollars Above Lowest Price per Prescription for 227 Drugs among 33 National Medicare Cards

National Card	Number of Drugs with Price per Prescription Above Lowest							
	\$0- \$1.00	\$1.01- \$2.00	\$2.01- \$5.00	\$5.01- \$10.00	\$10.01- \$15.00	\$15.01- \$25.00	\$25.01- \$50.00	\$50.01 +
AARP Prescription Discount Card	0	4	92	70	26	8	1	0
aClaim RxSavings Club	3	10	102	56	17	17	6	2
Aetna Rx savings Card (SM)	0	2	61	97	18	8	3	1
American Advantage-Med	8	10	84	54	14	21	18	8
American Prescription Plan	6	21	107	53	13	8	6	0
ArgusRx	5	66	76	44	14	10	4	1
BD Advantage Drug Discount Card	6	21	107	53	11	8	6	0
Community Care Rx	4	8	94	96	13	6	1	1
Criterion Advantage	4	8	94	96	13	6	1	1
EnvisionRx Plus	79	35	80	17	9	0	1	1
InStil Health Solutions	21	9	129	41	13	4	1	1
Liberty Prescription Discount Card	2	12	125	58	9	9	5	1
MedCare USA, Powered by MedImpact	21	9	129	41	13	4	1	1
myPharmaCare	54	22	84	37	2	2	1	1
PBM Plus Senior Care	2	4	80	79	25	17	6	3
Pharmacy Care Alliance (Option A)	0	3	86	75	27	9	1	0
Pharmacy Care Alliance (Option B)	3	22	87	59	23	6	1	0
PrecisionDiscounts (Option A)	10	19	128	41	11	6	4	1
Preferred Prescription Discount Card	11	13	135	37	14	4	3	1
Prescription Discount Card	8	14	132	41	15	4	3	1
Public Sector Partners Prescription Drug Discount Card	5	12	132	47	11	8	5	1
Rx Savings Access Card	2	10	111	63	10	12	5	2
RxSavings	6	21	107	53	13	8	8	0
RxSavings distributed by Mennonite Mutual Aid Association	6	21	107	53	13	8	8	0
RxSavings distributed by Reader's Digest	6	21	107	54	14	8	8	0
Sav-Rx Med-Advantage Prescription Discount Card	8	10	88	52	13	21	18	8
ScripSolutions Choice	10	17	82	76	21	9	8	1
ScripSolutions Freedom	10	14	80	78	23	10	8	1
ScriptSave Premier	0	2	61	97	18	8	3	1
SXC Health Solutions, Inc.	8	10	84	54	14	21	18	8
The Pharmacy SmartCard	2	4	44	82	53	21	11	2
U Share Prescription Drug Discount Card	11	18	119	44	15	7	3	1
Walgreens Health Initiatives Prescription Discount Drug Card	166	17	16	8	6	2	2	1

Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group.
Prepared by AARP Public Policy Institute.

Appendix Table 5: Comparison of Total Cost for Condition-Specific Drug Combinations to Lowest Price for 33 National Medicare Cards

Card	Hypertension		Coronary Artery Disease		Diabetes, Hypertension, High Cholesterol		Multiple Chronic Conditions	
	\$ Above Lowest	% Above Lowest	\$ Above Lowest	% Above Lowest	\$ Above Lowest	% Above Lowest	\$ Above Lowest	% Above Lowest
EnvisionRx Plus	\$0.00	0%	\$0.00	0%	\$13.92	6%	\$10.82	3%
Walgreens Health Initiatives Prescription Discount Card	\$9.85	19%	\$1.02	1%	\$0.00	0%	\$0.46	0%
myPharmaCare	\$10.70	21%	\$1.58	1%	\$6.71	3%	\$0.00	0%
ArgusRx	\$16.61	33%	\$11.70	7%	\$6.53	3%	\$27.77	7%
American Prescription Plan	\$7.48	15%	\$11.80	7%	\$20.64	9%	\$43.69	12%
BD Advantage Drug Discount Card	\$7.48	15%	\$11.80	7%	\$20.64	9%	\$43.69	12%
RxSavings	\$7.48	15%	\$11.80	7%	\$20.64	9%	\$43.69	12%
RxSavings distributed by Mennonite Mutual Aid Association	\$7.48	15%	\$11.80	7%	\$20.64	9%	\$43.69	12%
RxSavings distributed by Reader's Digest	\$7.48	15%	\$11.80	7%	\$20.64	9%	\$43.69	12%
Preferred Prescription Discount Card	\$11.34	22%	\$13.71	8%	\$25.99	11%	\$27.41	7%
InStil Health Solutions	\$9.54	19%	\$13.88	8%	\$23.86	10%	\$30.49	8%
MedCare USA, Powered by MedImpact	\$9.54	19%	\$13.88	8%	\$23.86	10%	\$30.49	8%
PrecisionDiscounts (Option A)	\$6.94	14%	\$14.44	9%	\$5.84	2%	\$34.99	9%
Liberty Prescription Discount Card	\$18.27	36%	\$16.60	10%	\$26.98	11%	\$35.54	9%
SXC Health Solutions, Inc.	\$18.27	36%	\$16.60	10%	\$26.98	11%	\$35.54	9%
Rx Savings Access Card	\$17.96	35%	\$17.06	10%	\$20.92	9%	\$34.99	9%
Prescription Discount Card	\$11.65	23%	\$17.33	10%	\$27.62	11%	\$27.95	7%
U Share Prescription Drug Discount Card	\$12.67	25%	\$17.46	10%	\$25.95	11%	\$30.69	8%
Pharmacy Care Alliance (Option B)	\$8.79	17%	\$17.92	11%	\$29.73	12%	\$43.78	12%
Aetna Rx savings Card (SM)	\$21.20	42%	\$18.97	11%	\$29.76	12%	\$44.75	12%
ScriptSave Premier	\$21.20	42%	\$18.97	11%	\$29.76	12%	\$44.75	12%
Public Sector Partners Prescription Drug Discount Card	\$17.96	35%	\$19.68	12%	\$14.30	6%	\$28.34	8%
Community Care Rx	\$10.63	21%	\$20.06	12%	\$16.24	7%	\$41.63	11%
Criterion Advantage	\$10.63	21%	\$20.06	12%	\$16.24	7%	\$41.63	11%
AARP Prescription Discount Card	\$11.67	23%	\$20.17	12%	\$31.98	13%	\$49.14	13%
ScripSolutions Choice	\$8.89	18%	\$20.20	12%	\$16.53	7%	\$80.18	21%
Pharmacy Care Alliance (Option A)	\$10.79	21%	\$20.92	12%	\$32.73	14%	\$49.78	13%
ScripSolutions Freedom	\$9.64	19%	\$20.95	12%	\$17.28	7%	\$81.68	22%
Drugstore.com	\$13.97	28%	\$21.80	13%	\$12.43	5%	\$53.28	14%
aClaim RxSavings Club	\$18.46	36%	\$22.67	14%	\$32.41	13%	\$56.27	15%
PBM Plus Senior Care	\$19.77	39%	\$30.17	18%	\$13.62	6%	\$57.94	15%
The Pharmacy SmartCard	\$13.10	26%	\$43.83	26%	\$40.90	17%	\$89.99	24%
American Advantage-Med	\$9.90	20%	\$58.89	35%	\$54.35	23%	\$107.31	29%
Sav-Rx Med-Advantage Prescription Discount Card	\$9.90	20%	\$58.89	35%	\$54.14	22%	\$107.31	29%

Source: Medicare.gov website (week of Aug. 2, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.

Appendix Table 6: Retail vs. Mail Order Price Difference for Top 20 Drugs under 25 National Medicare Cards*

Cards with Mail-Order Pharmacies	Weighted Average Mail Order Price Per Prescription	Weighted Average Retail Price Per Prescription	Mail – Retail Price Difference	Retail - Mail % Price Difference
EnvisionRx Plus	\$71.56	\$82.88	-\$11.32	-14%
Pharmacy Care Alliance (Option B)	\$73.89	\$86.13	-\$12.25	-14%
SXC Health Solutions, Inc.	\$73.90	\$84.79	-\$10.89	-13%
Pharmacy Care Alliance (Option A)	\$74.22	\$87.13	-\$12.91	-15%
U Share Prescription Drug Discount Card	\$75.09	\$83.36	-\$8.26	-10%
myPharmaCare	\$75.21	\$78.96	-\$3.75	-5%
BD Advantage Drug Discount Card	\$75.41	\$84.12	-\$8.70	-10%
American Prescription Plan	\$75.43	\$84.12	-\$8.68	-10%
RxSavings	\$75.43	\$84.12	-\$8.68	-10%
RxSavings distributed by Mennonite Mutual Aide Association	\$75.43	\$84.12	-\$8.68	-10%
RxSavings distributed by Reader's Digest	\$75.43	\$84.12	-\$8.68	-10%
Public Sector Partners Prescription Drug Discount Card	\$76.51	\$83.85	-\$7.34	-9%
Preferred Prescription Drug Discount Card	\$77.17	\$83.82	-\$6.64	-8%
Liberty Prescription Drug Discount Card	\$77.19	\$84.79	-\$7.60	-9%
Prescription Discount Card	\$77.70	\$84.30	-\$6.60	-8%
PrecisionDiscounts (Option A)	\$78.19	\$84.54	-\$6.35	-8%
AARP Prescription Drug Discount Card	\$78.34	\$86.63	-\$8.29	-10%
MedCare USA, Powered by MedImpact	\$79.34	\$83.61	-\$4.27	-5%
InStil Health Solutions	\$79.35	\$83.61	-\$4.26	-5%
ScriptSave Premier	\$79.54	\$87.68	-\$8.14	-9%
Aetna Rx Savings Card (SM)	\$79.90	\$87.69	-\$7.79	-9%
ScripSolutions Choice	\$80.91	\$91.05	-\$10.14	-11%
ScripSolutions Freedom	\$80.91	\$91.30	-\$10.39	-11%
Sav-Rx Med-Advantage Prescription Drug Discount Card	\$83.09	\$86.51	-\$3.41	-4%
American Advantage-Med	\$83.70	\$87.11	-\$3.42	-4%
Average Medicare Card	\$77.57	\$85.21	-\$7.64	-9%
Drugstore.com**	\$84.06			

* Twenty-six of 33 cards offer mail order service. All price data for Walgreen's card were missing from Medicare website for week of Sept. 20, 2004.

** Drugstore.com offers mail order service only.

Source: Medicare.gov website (week of Sept. 20, 2004 for Chicago, IL). Data extraction and calculations by The Lewin Group. Prepared by AARP Public Policy Institute.