A large green square is positioned in the top left corner. A small yellow square is located at the bottom right corner of this green square. A thin grey line extends from the right side of the yellow square towards the center of the page.

**Prescription Drugs and
Your Pocketbook: 2004
Survey of AARP New York
Members**

A yellow square is located at the bottom right of the page. A thin grey line extends from the left side of this yellow square towards the center of the page, and another thin grey line extends from the top of the yellow square downwards.

January 2005



Prescription Drugs and Your Pocketbook: 2004 Survey of AARP New York Members

**Data collected by Woelfel Research, Inc.
Report Prepared by Erica Dinger**

**Copyright © 2005
AARP
Knowledge Management
601 E Street NW
Washington, DC 20049
<http://research.aarp.org>
Reprinting with Permission**

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

Acknowledgements

AARP staff from New York State Office, State Affairs, and Knowledge Management contributed to the design of the study. Special thanks go to AARP staff including Bill Ferris, Lois Aronstein, David McNally, and Luci DeHaan, New York State Office; Ilene Henshaw, State Affairs; and Gretchen Straw, Darlene Mathews, and Jennifer Leslie, Knowledge Management. Woelfel Research conducted the survey and prepared the data. Erica Dinger managed the project. For more information, contact Erica Dinger at (202) 434-6176.

Background

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

In 2003, the average price of a retail prescription in New York was \$63.34, ten dollars more than the average U.S. cost of a retail prescription.³ In addition, from June 2003 to June 2004, prices for brand name prescription drugs used most commonly by older Americans rose 7.6 percent.⁴ This increase was 3.5 times the rate of inflation.

Prescription drugs are big business in New York. In 2003, retail prescription sales in New York totaled over 1.2 billion dollars.⁵ A review of corporate annual reports in 2003 found that out of every \$100 spent by pharmaceutical companies, \$31 goes to marketing, advertising, and administrative costs, while only \$13 goes to research and development.⁶ Most of this marketing money, an estimated \$19.1 billion in 2001, is directed at physicians. About five billion dollars a year is spent on the sales activities of drug representatives directed toward physicians, such as meals, gifts, and entertainment.⁷

This study was commissioned by AARP New York to gauge how AARP's two and a half million members are being affected by the costs of prescription drugs. In addition, members were asked about proposed legislation, such as a bulk purchasing plan to reduce prescription drug costs, posting retail drug prices on a webpage, adopting an evidence-based preferred drug list, and requiring drug manufacturers to report how much they spend on marketing prescription drugs.

The present report is based on data from a telephone survey of 1,001 New York AARP members that was conducted from December 20 through December 28, 2004. The survey has a sampling error of +/-3.1%.⁸ The full methodology is provided on page 8, and the questionnaire is contained in the appendix of this report.

¹ Data from Centers for Medicare and Medicaid Services at www.cms.hhs.gov/statistics/nhe/default.asp, (National Health Counts).

² Trends and Indicators in the Changing Health Care Marketplace, 2004 update, *Prescription Drug Trends*, October 2004, www.kff.org.

³ Vector One: National from Verispan, L.L.C.: Special Data Request, 2004 at www.statehealthfacts.kff.org.

⁴ *AARP: Trends in Manufacturers Prices for Brand Name Drugs Most Commonly Used by Older Americans – Second and Third Quarter 2004 Update* (2004). Washington, D.C.

⁵ Vector One: National from Verispan, L.L.C.: Special Data Request, 2004 at www.statehealthfacts.kff.org.

⁶ Information compiled by the Prime Institute, University of Minnesota, January 2003.

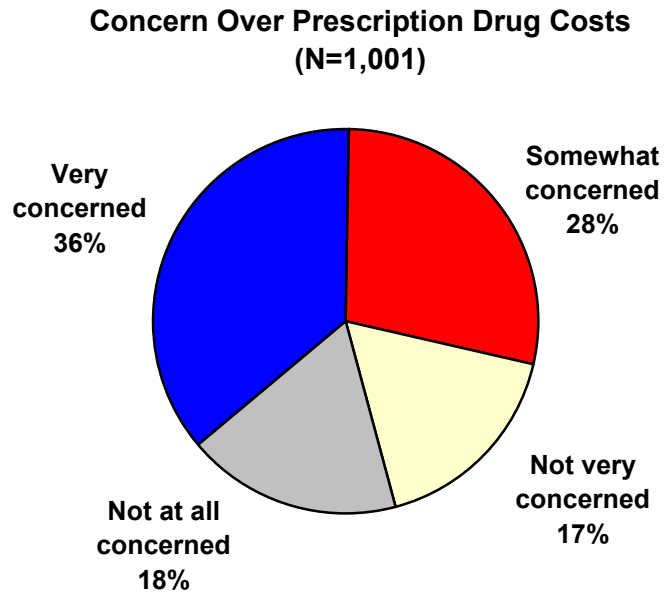
⁷ The Henry J. Kaiser Family Foundation: *Impact of Direct-To-Consumer Advertising on Prescription Drug Spending* (June, 2003).

⁸ Meaning that at the 95% confidence level, if every New York member was interviewed, their responses would be within 3.1 percentage points of those reported here.

Findings

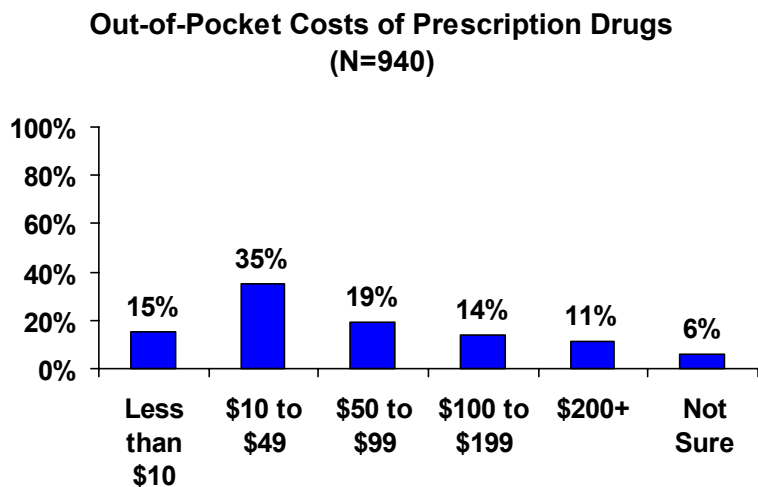
Almost two-thirds of New York members say they are concerned about paying for prescription drugs.

Almost all (94%) New York members say they have purchased a prescription drug in the last year, and almost two-thirds of members are very or somewhat concerned about being able to afford the cost of needed prescription drugs over the next two years. Of those who have bought a prescription drug, more than a third say that paying for prescription medication in the last twelve months has been a problem (14% major problem; 22% minor problem).



A quarter of New York members spend at least \$100 a month out-of-pocket for prescription drugs.

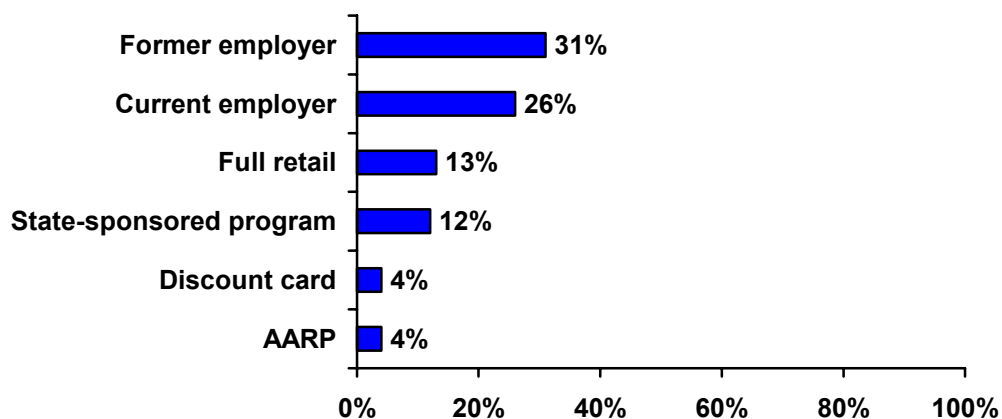
A quarter of members spend \$100 or more out-of-pocket for prescription drugs, and another two in ten spend \$50 to \$99 a month. Older members are more likely than those age 50-74 to spend at least \$100 a month out-of-pocket (50-59, 18%; 60-74, 24%; 75+, 30%).



One in eight New York AARP members bear the full retail costs of their prescription drugs.

Fully one in eight members pay the full cost of their prescription drugs out-of-pocket. A similar proportion are part of a state-sponsored program, such as EPIC, which helps with prescription drug costs. Three in ten members say that their former employer or their spouse's former employer pays for all or part of their prescription drug costs, while a quarter say that their current employer covers such costs.

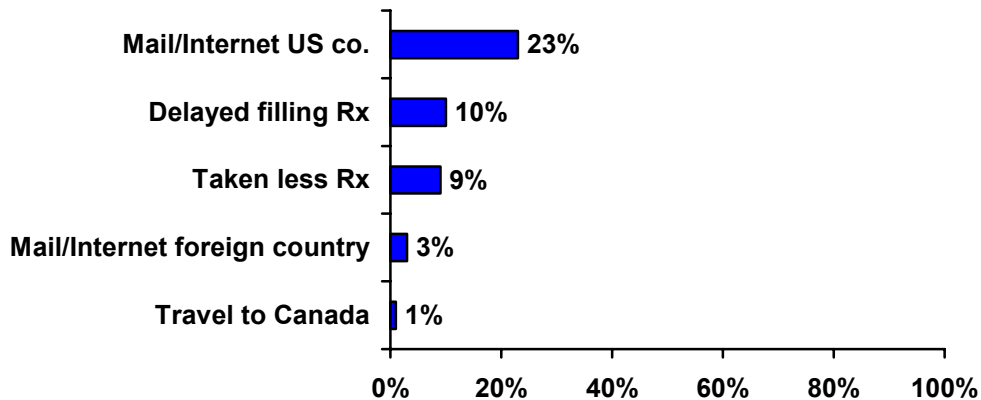
How Members Pay for Prescription Drugs (N=1,001)



One in ten members have delayed filling a prescription in order to make it last longer, and a similar proportion have taken less medication than was prescribed.

In order to save money on their prescription drug costs, one in ten members have delayed filling a prescription and a similar proportion have taken less medicine than was prescribed. A quarter of members say they have ordered drugs through the mail or the Internet from a U.S. company (23%) or a company in another country (3%) in order to save money.

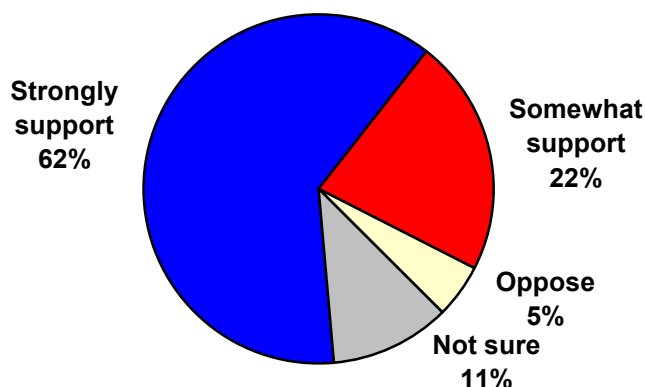
Cost-Saving Measures Taken (N=1,001)



New York AARP members strongly support a bill requiring the retail prices of prescription drugs to be posted on a website so that consumers can comparison shop.

More than eight in ten members support a bill that would require the retail prices of prescription drugs to be posted on a website so that consumers can comparison shop between pharmacies and find the best prices on the prescriptions they need. Currently, consumers must go to a pharmacy and request a price list.

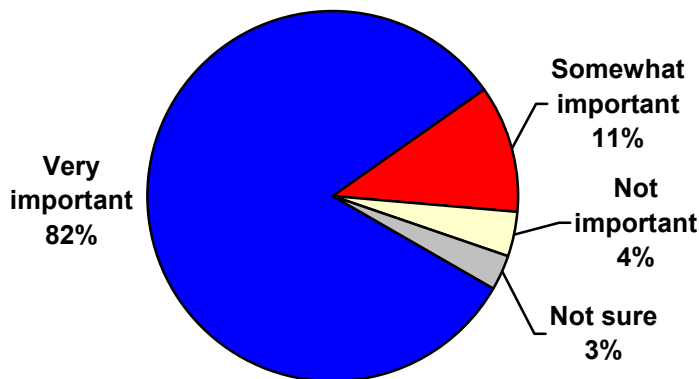
**Support for Posting Retail Prices of Prescription Drugs on a Website
(N=1,001)**



More than nine in ten (93%) members say it is important for New York to provide access to information that compares the safety and effectiveness of prescription drugs.

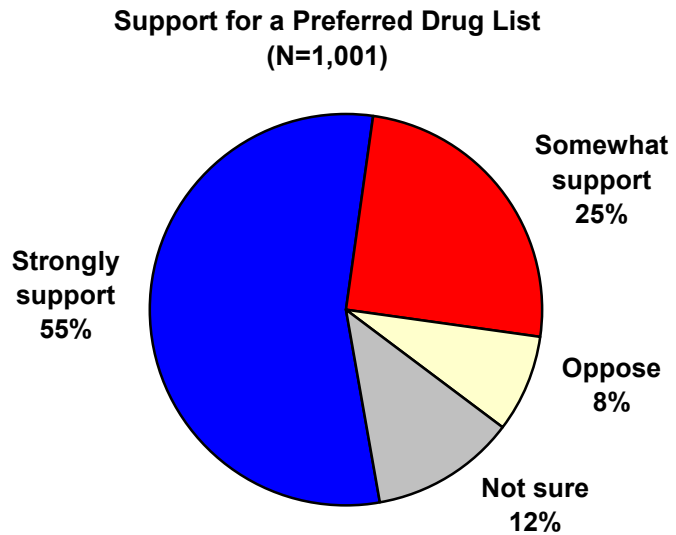
Eight in ten New York AARP members say it is very important for New York to provide access to information about the safety and effectiveness of prescription drugs, while another one in ten say it is somewhat important. This information can help consumers, doctors, and pharmacists choose the best medication at the best price.

**Importance of Information Comparing the Safety and Effectiveness of Prescription Drugs
(N=1,001)**

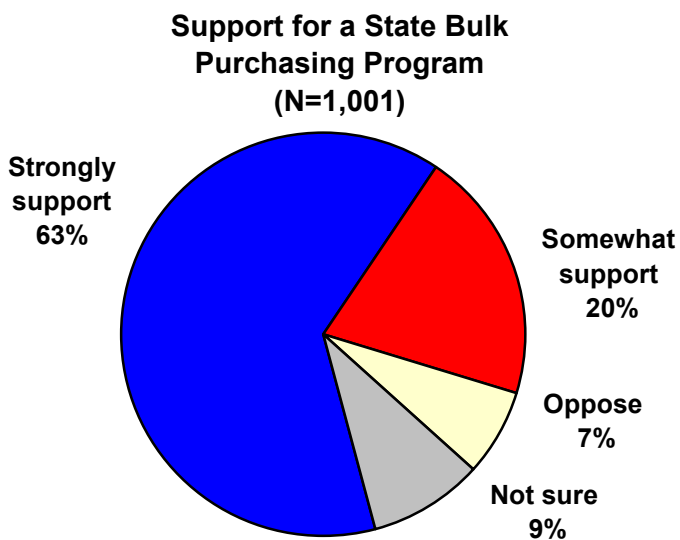


Eight in ten New York members support the State of New York adopting a preferred drug list.

Eighty percent of New York members say that they support the state adopting a preferred drug list. A preferred drug list is a list of prescription drugs chosen by an independent panel of physicians and pharmacists for their safety and effectiveness, first, and their cost, second. This is an important tool to help states negotiate lower prices on drugs for consumers.



More than eighty percent of New York members support legislation that would allow the state to establish a bulk purchasing program for prescription drugs.

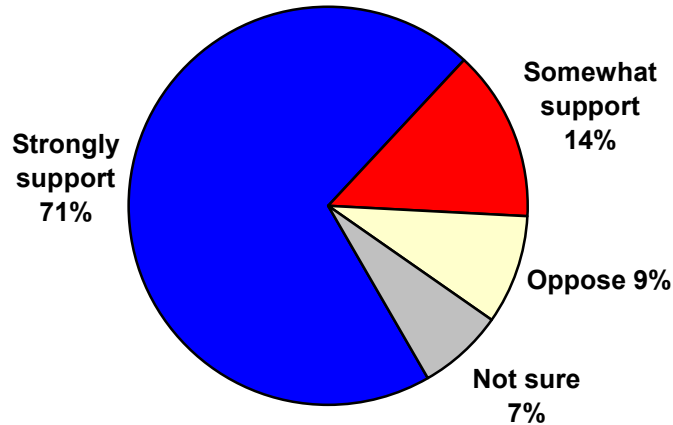


More than eight in ten members support legislation to establish a bulk purchasing program, which would allow New York to increase its purchasing power to obtain discounts on prescription drugs from manufacturers. Savings from this bulk purchasing plan would be used to help lower the cost of prescription drugs for those participants without prescription drug coverage.

Eighty-five percent of New York AARP members support legislation that would require drug manufacturers to report how much they spend on marketing.

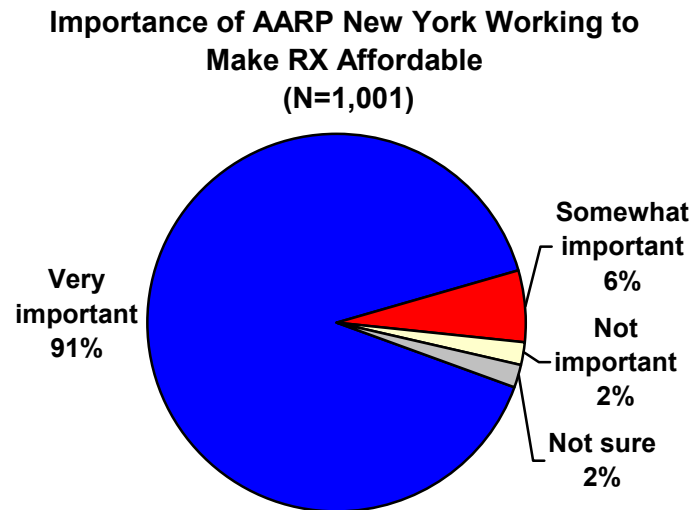
More than seven in ten members strongly support legislation that would require drug manufacturers to report how much they spend on marketing, and another fifteen percent somewhat support such legislation. Currently, pharmaceutical companies market expensive new drugs to physicians and may offer them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

**Support for Reporting Marketing Costs
(N=1,001)**



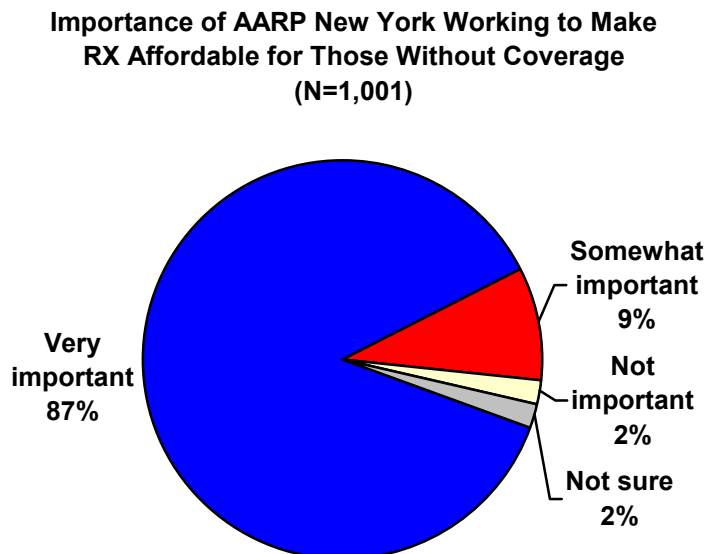
Almost all New York AARP members say it is important for AARP New York to work to make prescription drugs more affordable.

Ninety-seven percent of members say it is important for AARP New York to work to make prescription drugs affordable for New Yorkers.



More than nine in ten New York AARP members say it is important for AARP New York to work to make prescription drugs more affordable for those without any prescription drug insurance coverage.

Ninety-six percent of members say it is important for AARP New York to work to make prescription drugs affordable for New Yorkers who do not have prescription drug insurance coverage.



Conclusion

Most New York members take prescription drugs, and they are worried about being able to afford the cost of those drugs in the coming years. A quarter of members spend at least \$100 a month out-of-pocket, and another two in ten spend between \$50 and \$99 a month on prescriptions. One in eight members bear the entire retail cost of their prescription drugs. In order to save money on their prescription drugs, some members have taken measures that could potentially be harmful to their health: one in ten has delayed filling a prescription and nine percent have taken less of a medicine than was prescribed.

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

- **93% say it is important for New York to provide access to information about the safety and effectiveness of prescription drugs.**
- **85% support legislation that would require drug manufacturers to report how much they spend on marketing.**
- **84% support a bill that would require the retail prices of prescription drugs to be posted on a website so that consumers can comparison shop.**
- **83% support legislation that would allow the state to establish a bulk purchasing program for prescription drugs.**
- **80% support the state of New York adopting a preferred drug list.**

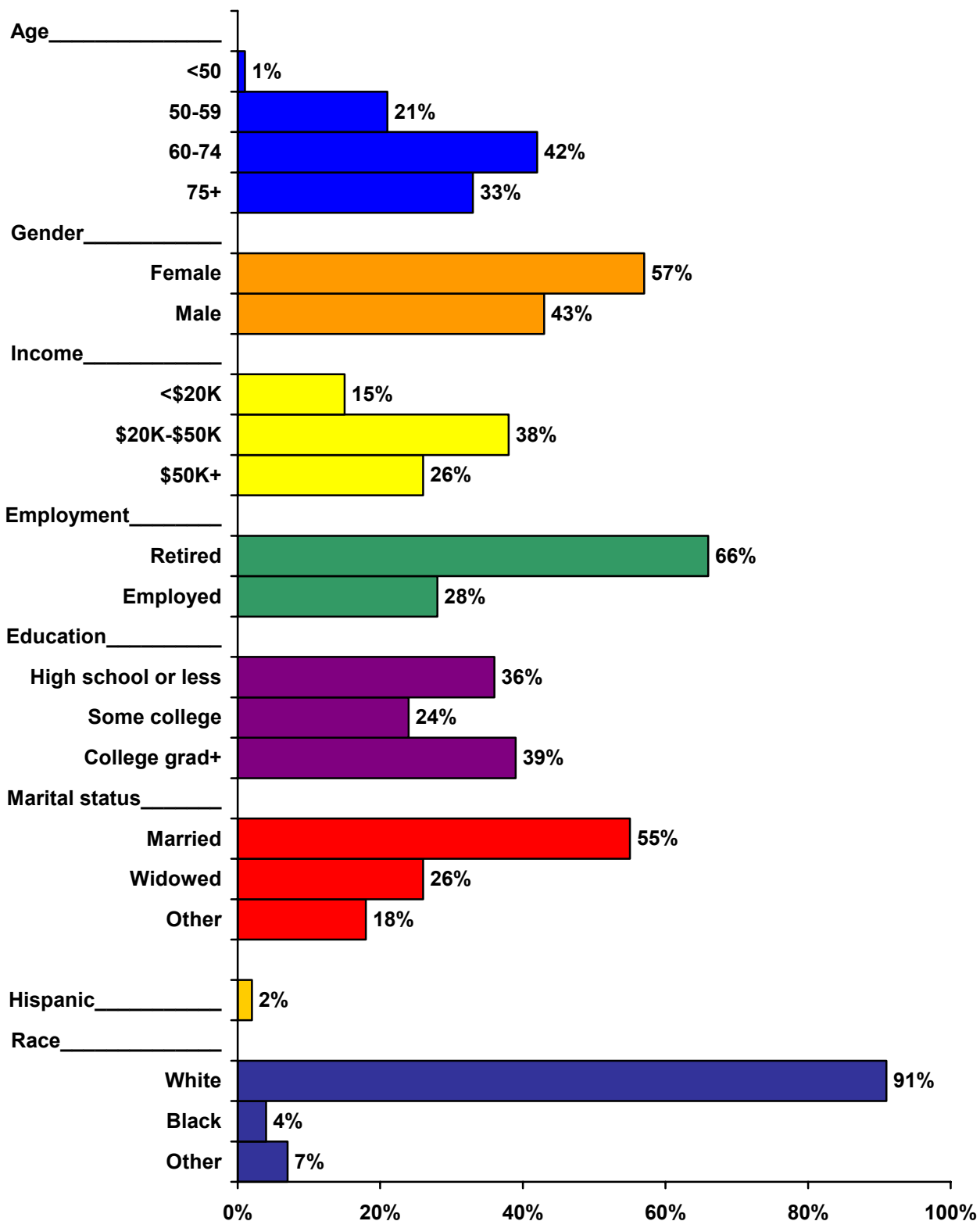
Nearly all members want AARP New York to work on making prescription drugs more affordable (97%) and making them more affordable for all New Yorkers without prescription drug coverage (96%). In response, AARP New York has designated prescription drug affordability as a legislative priority in 2005. As the prices of prescription drugs continue to rise, this issue will only become more important to the more than two and a half million AARP New York members and all New Yorkers who buy prescription drugs.

Methodology

This telephone survey explores the opinions of New York members on issues surrounding prescription drugs. It was conducted by Woelfel Research between December 20 and December 28, 2004. A random selection of New York members with known telephone numbers, stratified by age, was interviewed. The sampling error for this study is +/- 3.1 percent, meaning that at the 95% confidence level, if every New York member was surveyed, their responses would be within 3.1 percentage points of those reported here. The cooperation rate for this survey was 91 percent and the response rate was 17 percent.

Demographic Characteristics

N = 1001



Annotated Questionnaire

2004 AARP New York Prescription Drug Survey

AARP Members n=1001, +/- 3.1% error margin

Prescription Drugs

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

<u>%</u>	
94	Yes
6	No [SKIP TO Q4]
*	Not sure

2. In the past 12 months, has paying for prescription medications been a major problem, a minor problem, or not a problem for you? (n=940)

<u>%</u>	
14	A major problem
22	A minor problem
63	Not a problem
1	Not sure

3. In the past 12 months, approximately how much have you spent, each month, out of your own pocket for prescription drugs? [READ LIST] (n=940)

<u>%</u>	
15	Less than \$10 per month
35	\$10 but less than \$50 per month
19	\$50 but less than \$100 per month
14	\$100 but less than \$200 per month
9	\$200 but less than \$500 per month
2	\$500 or more per month
6	Not sure

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

<u>%</u>	
36	Very concerned
28	Somewhat concerned
17	Not very concerned
18	Not at all concerned
1	Not sure

5. How do you pay for your prescription drugs?

<u>%</u>	
13	Pay full retail
26	Your employer or your spouse's employer pays all or part of the cost
31	Your former employer or your spouse's employer pays all or part of the cost
4	A prescription, discount card from pharmaceutical co., drug mfg., pharmacy
12	A state sponsored program such as EPIC or Medicaid
13	Other
1	Not sure

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

In the past 12 months, have you or a family member...	Yes	No	Not Sure
	<u>%</u>	<u>%</u>	<u>%</u>
a. Delayed getting a prescription filled or not gotten a prescription filled because you didn't have enough money to pay for it?	10	90	1
b. Taken less medicine than your doctor prescribed to make it last longer?	9	91	*
c. Ordered your prescription drugs by mail or Internet from a company <u>in the U.S.</u> because they cost less?	23	77	1
d. Ordered your prescription drugs by mail or Internet from a company <u>in another country</u> because they cost less?	3	97	*
e. Traveled to Canada to purchase prescription drugs because they cost less?	1	99	*

7. A Bill has been introduced in the New York State Legislature that would require the retail prices of prescription drugs at pharmacies to be posted on a website to allow consumers to comparison shop. Currently, consumers must go to a pharmacy and request the price list. This Bill would allow consumers to search drug prices at pharmacies by zip code and compare prices. How strongly would you support or oppose such a Bill?

<u>%</u>	
62	Strongly support
22	Somewhat support
3	Somewhat oppose
2	Strongly oppose
11	Not sure

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

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

<u>%</u>	
82	Very important
11	Somewhat important
2	Not very important
2	Not at all important
3	Not sure

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

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

<u>%</u>	
55	Strongly support
25	Somewhat support
4	Somewhat oppose
5	Strongly oppose
12	Not sure

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

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

<u>%</u>	
63	Strongly support
20	Somewhat support
3	Somewhat oppose
4	Strongly oppose
9	Not sure

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

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

<u>%</u>	
71	Strongly support
14	Somewhat support
4	Somewhat oppose
5	Strongly oppose
7	Not sure

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

<u>%</u>	
91	Very important
6	Somewhat important
1	Not very important
1	Not at all important
2	Not sure

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

<u>%</u>	
87	Very important
9	Somewhat important
1	Not very important
1	Not at all important
2	Not sure

About You

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

D1. In the last 12 months, have you accessed the Internet from your home or work, or from some other source such as your local library? (Check all that apply)

<u>%</u>	
45	Yes, from home
14	Yes, from work
6	Yes, from some other source
53	No
*	Not sure

D2. Record gender

<u>%</u>	
43	Male
57	Female

D3. What is your age as of your last birthday? _____ (in years)

<u>%</u>	
*	25-34
1	35-49
21	50-59
42	60-74
33	75 or older
3	Refused

D4. What is your current marital status?

<u>%</u>	
55	Married
26	Widowed
9	Divorced
1	Separated
7	Never married
1	Refused

D5. Thinking about your state elections for New York Governor and Legislators in the last ten years, which of the following best describes your voting behavior?

<u>%</u>	
81	Always vote
13	Sometimes miss one
3	Rarely vote
2	Never vote
1	Not sure

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

<u>%</u>	
5	Less than high school
32	High school graduate or equivalent
24	Some college or technical training beyond high school
20	College graduate (4 years)
19	Post-graduate or professional degree
1	Refused

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

<u>%</u>	
21	Employed or self-employed <u>full-time</u>
7	Employed or self-employed <u>part-time</u>
66	Retired and not working
4	Other such as homemaker
1	Unemployed and looking for work
*	Refused

D8. Are you of Hispanic, Spanish, or Latino origin or descent?

<u>%</u>	
2	Yes
97	No
*	Not sure
1	Refused

D9. What is your race?

<u>%</u>	
91	White or Caucasian
4	Black or African American
1	Asian
1	Native American or Alaskan Native
0	Hawaiian or Pacific Islander
1	Other (Specify: _____)
*	Not sure
3	Refused

D10. What is your 5-digit zip code? (WRITE IN YOUR ZIP CODE.) _ _ _ _ _

D11. What was your annual household income before taxes in 2004?

<u>%</u>	
3	Less than \$10,000
12	\$10,000 to \$19,999
11	\$20,000 to \$29,999
10	\$30,000 to \$39,999
7	\$40,000 to \$49,999
11	\$50,000 to \$74,999
14	\$75,000 or more
7	Not sure
24	Refused

Thank you for completing this survey.

AARP
Knowledge Management
For more information contact Erica Dinger (202) 434-6176