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

Filling the Rx: An Analysis of the Perceptions, Attitudes and Buying Habits of Medicare Beneficiaries

June 2004



**Filling the Rx: An Analysis of the
Perceptions, Attitudes and
Buying Habits of Medicare Beneficiaries**

**Data Collected by NFO
Report Prepared by
Jeffrey Love, Ph.D.**

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Background

For the 65 and over population, prescription medications are an essential part of therapeutic medicine. Yet, many older persons find it difficult to afford the medications they need. The Medicare legislation makes a good first step in alleviating this burden, but as prescription drug prices continue to rise faster than the rate of inflation, even older persons with Medicare Rx or other drug coverage will find the cost of prescriptions to be a large part of their monthly budgets.

The survey results presented in this report document how the current Medicare eligible population affords their prescription medications. This is measured through questions about things they do now to save money, coverage they have to help with drug costs, impressions of current Rx discount cards, and plans to utilize the new Medicare Rx discount cards. An adequate understanding of how older Americans afford their prescriptions is just one component of AARP's efforts to act as the public's watchdog on prescription prices. The Rx Watchdog Project will document the activities of the pharmaceutical industry from price increases to advertising expenditures to lobbying -- all things that affect the affordability of prescription drugs.

This report presents an analysis of the behavior and attitudes of 2,747 people aged 65 and over. It is the first of three surveys to be fielded in 2004 and 2005. This first wave of the survey was conducted to assess prescription purchasing behavior of the Medicare eligible population before the advent of the new Medicare Rx discount cards. The second survey will be conducted among those older persons who purchased a Medicare Rx discount card, and the third survey will be among these same people after they have had a few months to actually use the cards. Taken together, the results of all three surveys will give us an adequate picture of how these Rx discount cards influenced the prescription purchasing behavior of the eligible population.

Survey Sample

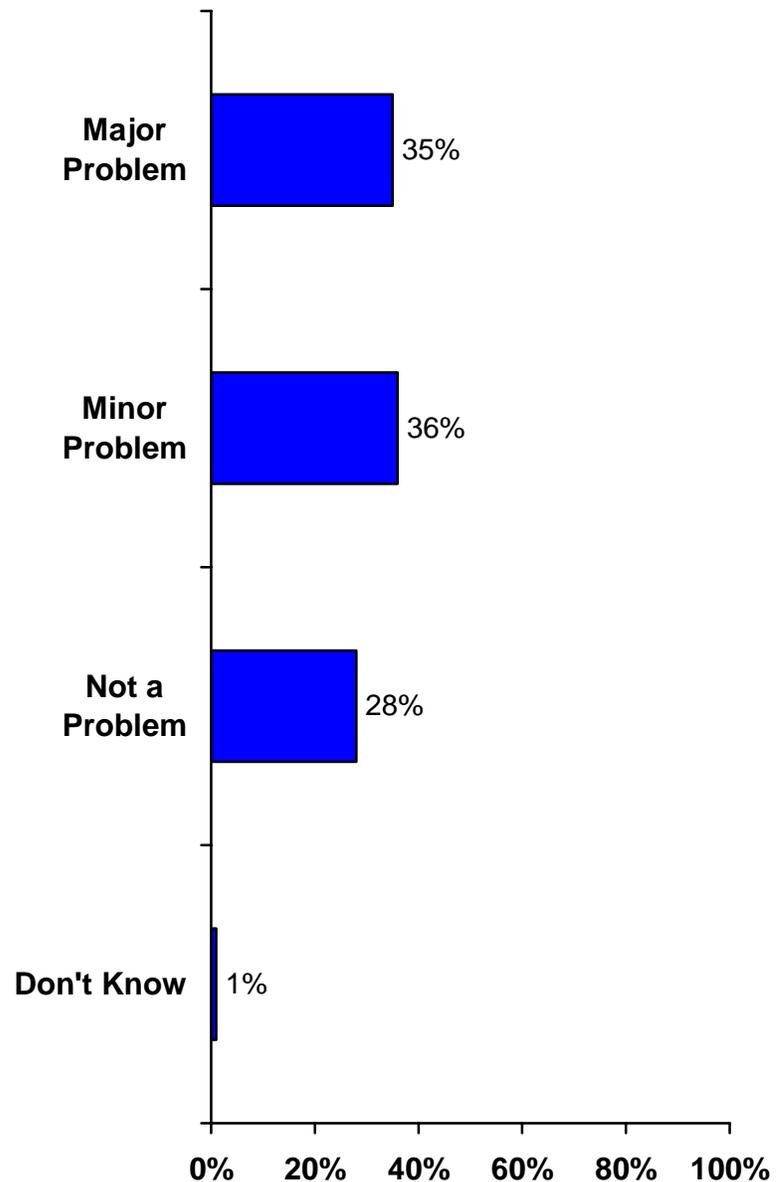
This survey was conducted in April 2004 by mail among a panel of Medicare eligible persons aged 65 and over who currently take prescription medications on a regular basis. On average, persons in this sample take 3 prescription drugs each day, have an average age of 76 years, are largely married (40%) or widowed (44%), and have a wide range of household incomes. Seventy percent of our sample receives some type of assistance in paying for their prescription drugs. Because the legislation establishing the Medicare Rx discount cards offers low income individuals a \$600 credit toward the purchase of prescription drugs, we sought to augment our sample with lower income older persons. Approximately 40% of our sample is households with less than \$17,000 in annual income.

Prescription Drug Use

Among the 65 and over population that use prescription drugs, about 6 in 10 consider their overall health to be excellent or good, but few consider paying for prescription drugs to be easy. A little over one-third consider paying for their prescriptions to be a major problem (35%), or a minor problem (36%). Only 28% of our sample considers paying for prescriptions not to be a problem (Chart 1).

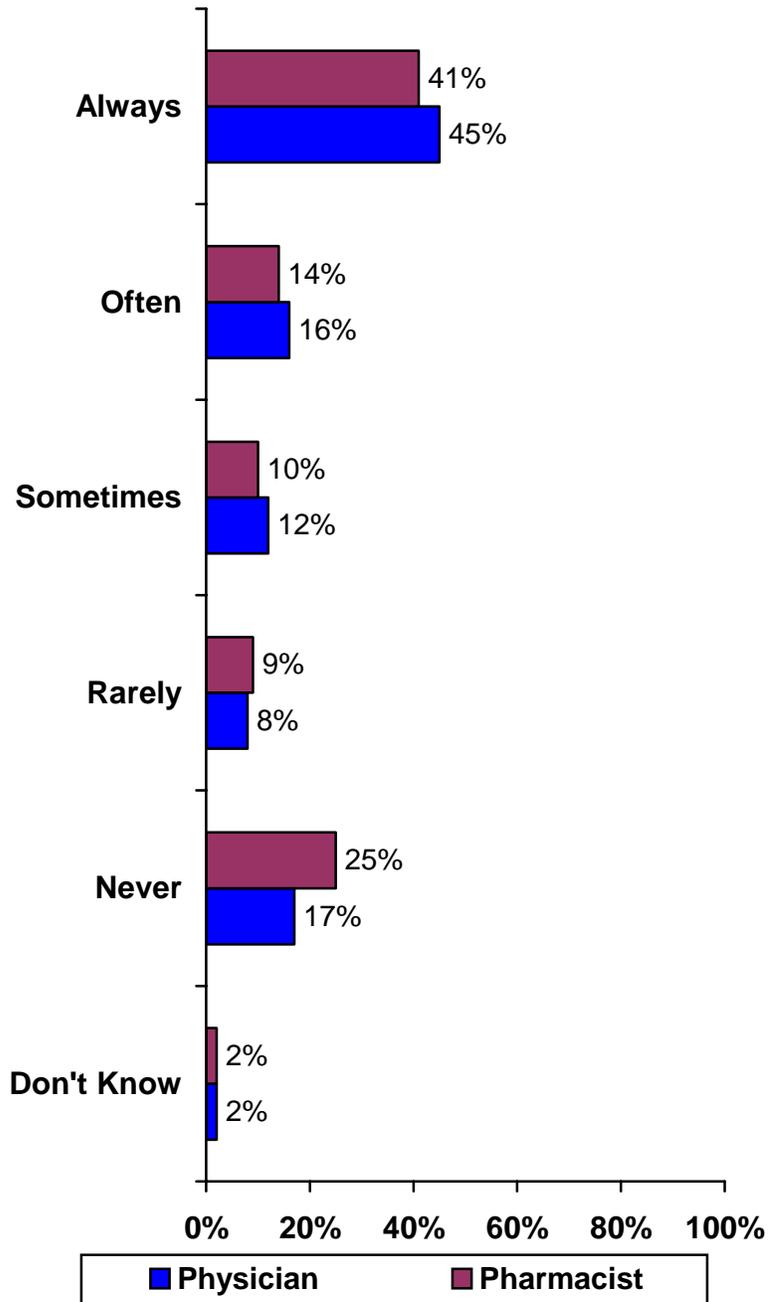
Segmentation of our sample reveals that older, low income, widowed women is the most likely group to have major difficulties paying for their monthly prescription drugs. In fact, between one-third and one-half of individuals who have yearly individual incomes below \$18,000 are likely to say purchasing prescription drugs is a major problem – precisely the individuals the Medicare Rx discount card and \$600 transitional assistance is intended to help.

Chart 1: Paying for Prescription Drugs (n=2,747)



Over half our sample always or often ask physicians (61%) or pharmacists (55%) for generic prescription drugs instead of name brands (Chart 2). About 7 in 10 respondents with monthly out-of-pocket drug expenses exceeding \$200 ask their physician or pharmacist for generic drugs. While those who take 6 or more drugs regularly are slightly more likely (66%) than those who take 1 to 3 drugs (59%) to ask physicians for generics; those who find paying for prescriptions to be a major problem (79%) are almost twice as likely to request generics as those who have no problems paying for drugs (41%). Similar differences occur among those who ask pharmacists for generic prescription drugs.

Chart 2: Ask Physician or Pharmacist for Generics
(n=2,747)



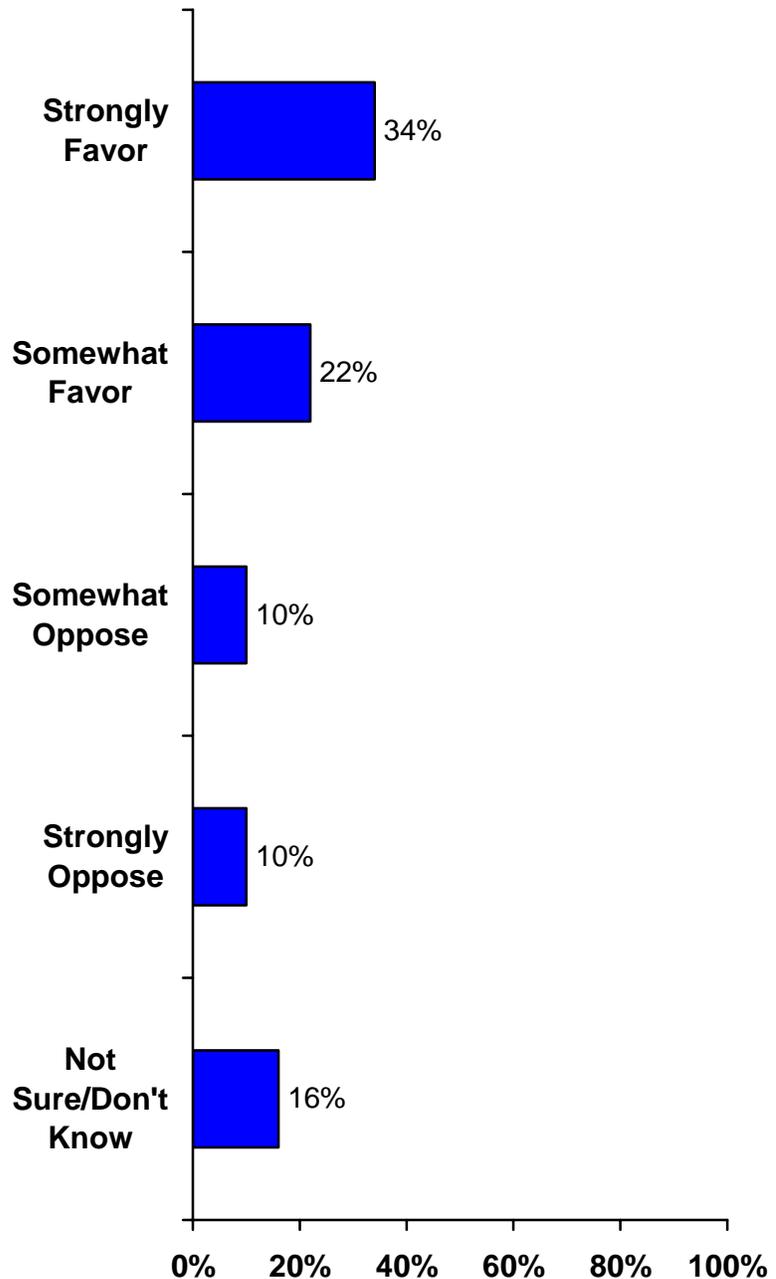
Prescription Drug Re-Importation

A solid majority (56%) of our respondents want the U.S. government to make it legal to buy prescription drugs from Canada or other countries (Chart 3). While only 20% oppose this move, 16% are unsure, suggesting that issues such as the safety of imported drugs needs further public discussion.

However, older persons are about evenly divided over the personal attractiveness of purchasing drugs from other countries. Forty-seven percent say they would purchase drugs from other countries for a substantial discount, if given the opportunity, while 44% say they are not likely to do so.

While men aged between 65 and 74 are generally more supportive of making re-importation legal, there are clear income differences between supporters and detractors of re-importation. Only about half (53%) of respondents with households incomes of less than \$15K think re-importation should be legal. Six in 10 (64%) respondents with household incomes between \$15K and \$50K believe this, while over 7 in 10 (74%) of those with household incomes above \$50K think re-importation should be legal.

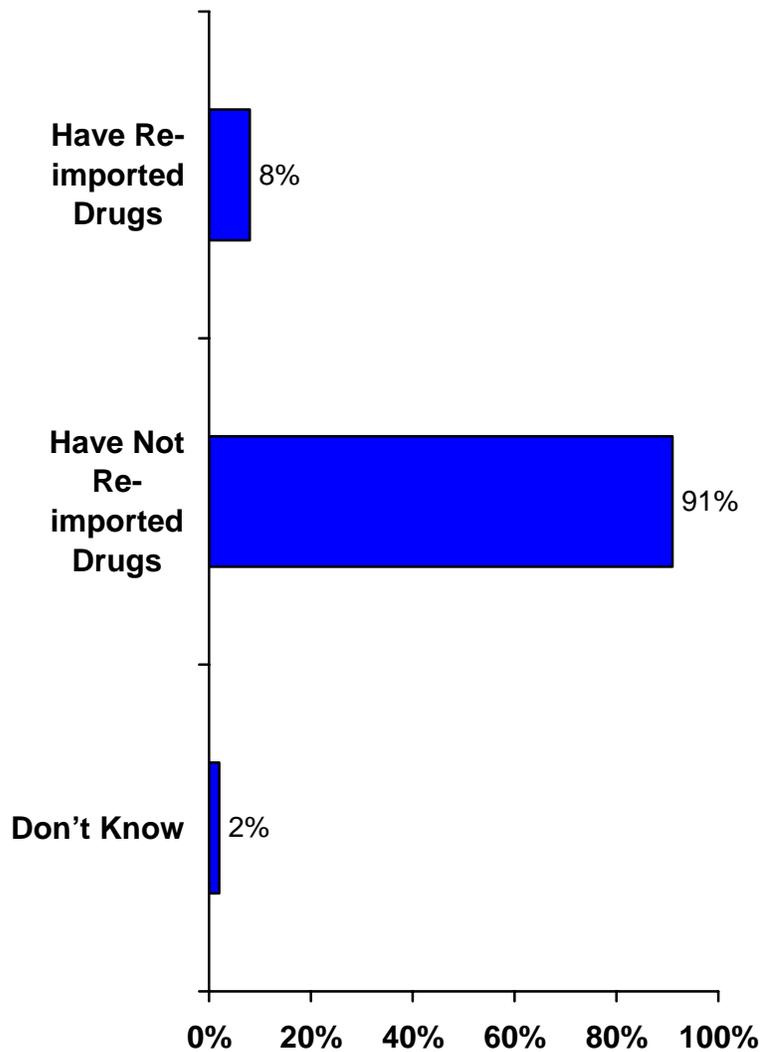
Chart 3: Older Persons' Support for Rx Re-importation (n=2,747)



Older persons most likely to purchase drugs from other countries if the opportunity arose are those that find their monthly prescription expenses to be a major problem (59%), or have monthly out-of-pocket Rx expenses of \$200 or more (61%).

While a majority of older persons support drug re-importation, most of them have never actually ordered drugs from other countries (Chart 4). Only 8% have purchased drugs from Canada or elsewhere, and most of them (73%) did so by visiting the country where they made their purchase. Internet purchases are widely regarded as the easiest way to buy drugs from other countries, yet only 28% of older people who make these purchases do so through the Internet.

Chart 4: Prevalence of Re-Importation (n=2,747)

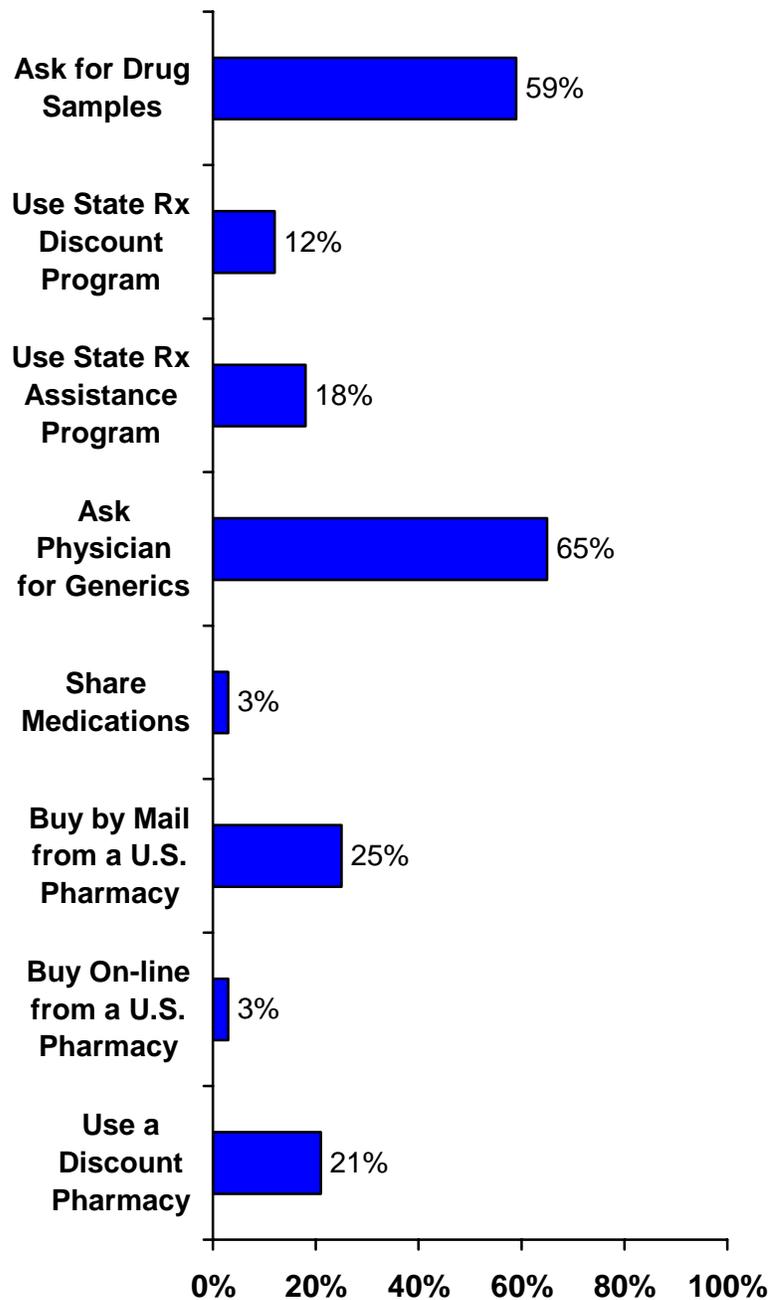


Current Behavior to Save Money on Prescription Drugs

Older persons use a variety of ways to reduce their monthly prescription drug costs (Chart 5). The most common are the easiest – asking physicians for drug samples (59%) or for generics (65%). Thirty percent use either a state government Rx discount or assistance program, and mail order discount prescriptions are used by one-quarter of the older population (25%).

A dangerous behavior such as sharing medications is not a very common way to reduce Rx expenses. In fact, in a related question that listed actions older consumers could take after being issued a prescription, only 6% of the older population report saving money by skipping doses, delaying filling a prescription, cutting back on food, fuel, or electricity to be able to afford the drug, or not filling a prescription because of cost.

Chart 5: Rx Savings Behaviors (n=2,747)



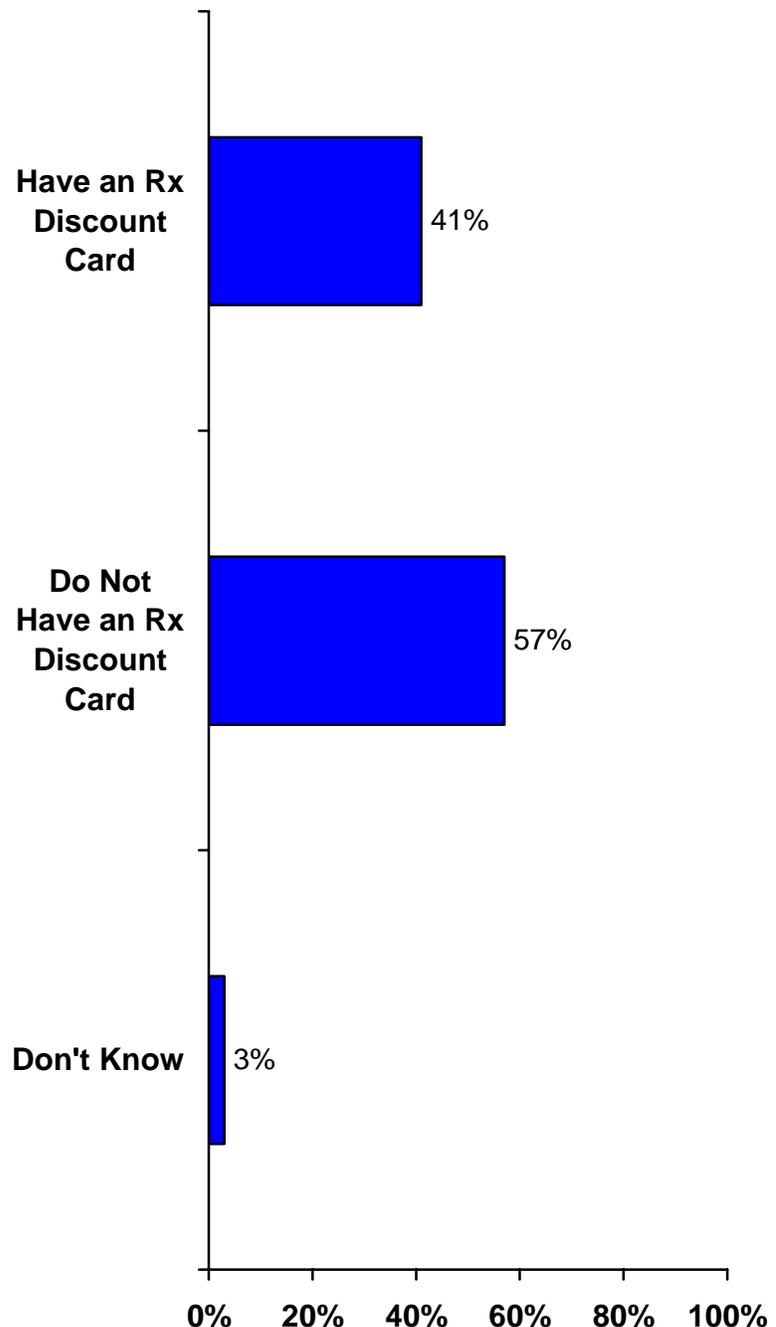
Prescription Drug Discount Cards

Among the 65 + population, about 4 in 10 (41%) now use a Rx discount card or program offered by a drug manufacturer, pharmacy, store, or other source (Chart 6). As might be expected, older persons with greater out of pocket drug expenses, and who consider their drug expenses to be a major problem are more likely to currently have an Rx discount card.

Among those **who do not currently have a card**, half said they either did not know about these cards (27%), or cannot use Rx discount cards in conjunction with insurance coverage they have for prescription drugs (26%). Other reasons for not using discount cards include: my pharmacy does not accept them (6%); discount cards do not provide enough value (14%); other types of insurance offers a better price (16%); or they receive prescription drugs through veterans' benefits (6%).

Among those respondents who use an Rx discount card, 77% are satisfied with the discounts they receive. Only 18% are dissatisfied.

Chart 6: Current Rx Discount Card Use (n=2,747)

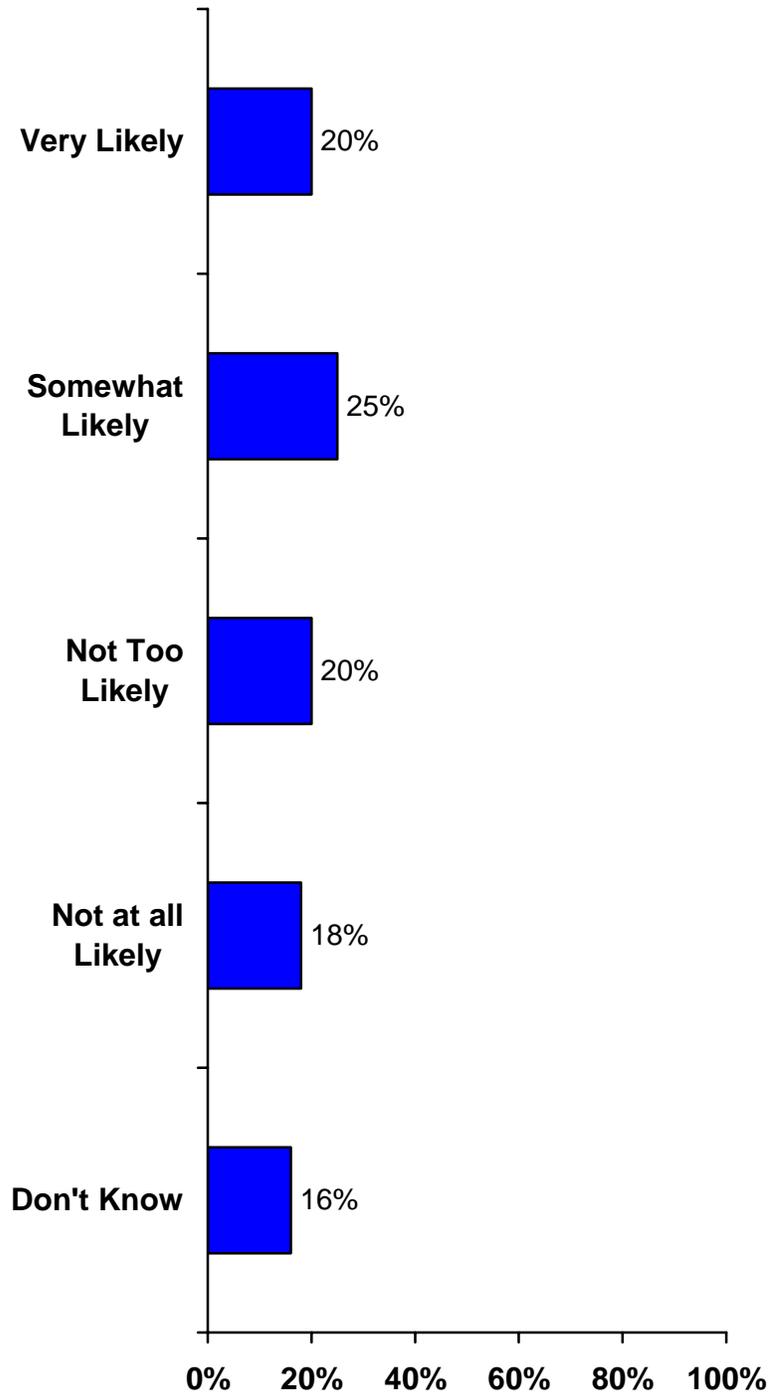


After reading a detailed description of the new Medicare Rx discount cards, 62% said they would be interested in receiving more information, and almost half (45%) said they would be likely to sign up (Chart 7). While 38% said they are not likely to sign up for one of these cards, 16% are unsure suggesting that more information about the cards is needed before a significant proportion of the 65+ population considers signing up.

Not surprisingly, respondents with poor health, who pay more than \$200 each month out of pocket for drugs, have personal incomes under \$18K or household incomes under \$50K, and who consider paying for drugs to be a major problem are more likely to want more information about the cards, and are more likely to say they will sign up.

About one-third (34%) of our respondents think they will qualify for the \$600 transitional drug expense credit offered to low-income persons. Another 20% are unsure if their economic status enables them to take advantage of this credit, again suggesting that information is needed to address who does or does

Chart 7: Likelihood to Sign up for a New Medicare Rx Discount Card (n=2,747)

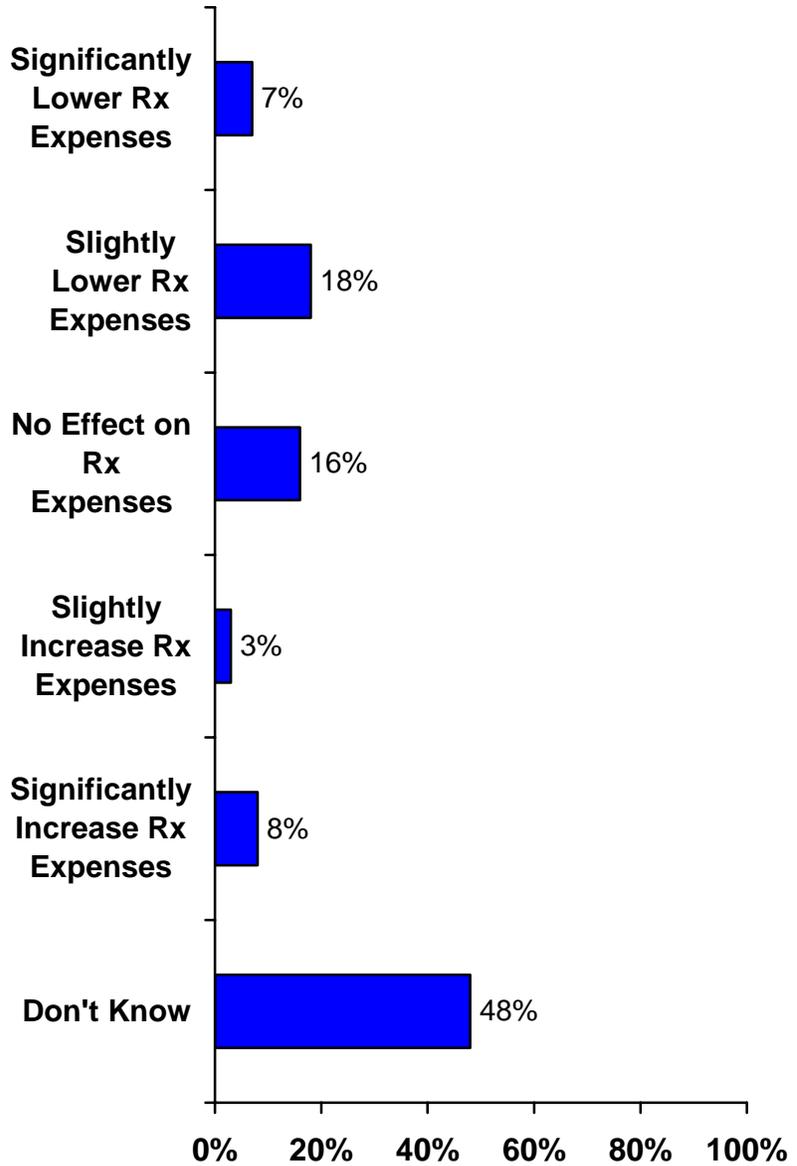


not qualify for this important benefit.

Those with incomes under the qualification thresholds are the most likely to think they will qualify for the \$600 transitional benefit. These persons are also those that are more likely to be in poor health, be female, have 6 or more prescriptions filled each month, and consider their drug expenses to be a major problem.

Another area where information about the Medicare Rx card is sorely needed concerns the savings possible with these cards. Almost half of our respondents (48%) are unsure if these cards would result in lower or higher prescription drug expenses (Chart 8). Twenty-five percent think these cards could lower their expenses; 16% think the cards will have no effect on Rx expenses; and 11% feel the cards will **increase** what they pay for prescriptions.

Chart 8: Perceived Rx Discount Card Savings
(n=2,747)



Methodology

This survey was conducted in April, 2004 by mail among a National Family Opinion (NFO) panel of persons aged 65 and older. A total of 2,747 questionnaires were returned. This panel was constructed to be representative of the 65+ population with additional members added that represent those persons likely to qualify for the \$600 transitional assistance benefit attached to the Medicare Rx discount cards. The annotated questionnaire appears in Appendix A.

For more information about this study, contact Jeffrey Love, Ph.D., Director, AARP Strategic Issues Research, (202) 434-6279.

Appendix A: Annotated Questionnaire

N = 2,747

Sampling error = \pm 2 percent

- indicates less than .5%; percents may not add up to 100 due to rounding



National Family Opinion

P.O. Box 474 Toledo, OH 43654
Toll-Free Number: **1-800-537-4097**
Mon – Fri, 8:00 AM to 11:00 PM EST
Sat & Sun, 10:00 AM to 6:00 PM EST
Email address: carol@infoi.com
<http://mysurvey.com/privacy.cfm>

1. Compared to people your age, would you say your health is...?

11% Excellent 50% Good 32% Fair 7% Poor 1% Don't know

2. Are you currently taking any prescription drugs on a regular basis?

100% Yes ↗ **(Continue)**

No

Don't know / Not applicable

↗ **(Stop, And Return Questionnaire)**

3a. How many prescription drugs do you take each day? **(Write In)**

of prescriptions: **Median – 3% / Mean – 4.6%**

3b. How many prescriptions do you have filled each month? **(Write In)**

of prescriptions: **Median – 3% / Mean – 4.3%__**



4. Would you say that paying for prescription drug medications is a major problem, a minor problem, or not a problem for you?

35% A major problem 36% A minor problem 28% Not a problem 1% Don't know

5a. How often do you ask your physician for generic prescription drugs instead of brand name drugs?

45% Always 16% Often 12% Sometimes 8% Rarely 17% Never 2% Don't know

5b. How often do you ask your pharmacist for generic prescription drugs instead of brand name drugs?

41% Always 14% Often 10% Sometimes 9% Rarely 25% Never 2% Don't know

6. Some people want the federal government to make it legal for people to buy prescription drugs from Canada or other countries at lower cost. Others oppose that, arguing that the safety of prescription drugs from other countries cannot be assured. Do you favor or oppose the federal government making it legal for people to buy prescription drugs from other countries?

- 34% Strongly favor
- 22% Somewhat favor
- 10% Somewhat oppose
- 10% Strongly oppose
- 16% Not sure
- Don't know / Not applicable

7. Have you or has anyone in your household ever bought prescription drugs from Canada, Mexico or from another foreign country to get a better price?

- 8% Yes, have bought prescription drugs from other countries ↗ **(Continue)**
- 91% No, have not bought prescription drugs from other countries
- 2% Don't know / Not applicable

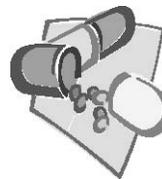


8. Did you purchase this prescription ...?

	<u>Yes</u>	<u>No</u>
By computer through the Internet	28%	72%
By telephone.	51%	49%
By mail.....	51%	49%
In person	73%	27%
Some other way (Specify): _____.....	63%	38%

9. If you had the opportunity to purchase prescription drugs from other countries for a substantial discount, how likely are you to do so?

- 27% Very likely
- 20% Somewhat likely
- 22% Not too likely
- 22% No at all likely
- 10% Don't know / Not applicable



10. Below is a list of actions you might take after your doctor has written you a prescription. In the past 12 months, have you always, often, sometimes, or never...?

	<u>Always</u>	<u>Often</u>	<u>Sometimes</u>	<u>Never</u>	<u>Know</u>	<u>DK</u> <u>Refused</u>
a. Shopped around for the best price.	13%	10%	18%	58%	1%	1%
b. Skipped doses or cut pills to make the medicine last longer	1%	5%	17%	76%	-	1%
c. Delayed getting a prescription filled because you didn't have enough money to pay for it	1%	5%	20%	73%	1%	1%

d. Cut back on items such as food, fuel, or electricity to be able to afford a prescription drug	1%	5%	17%	75%	1%	1%
e. Ordered your prescription drugs by mail because they cost less .	15%	8%	9%	67%	1%	1%
f. Ordered your prescription drugs by Internet because they cost less...	2%	1%	2%	93%	2%	1%
g. Decided not to fill a prescription because of the cost of the drug...	1%	3%	18%	77%	1%	1%
h. Looked for information on how other prescription drugs for your condition compared in effectiveness and price to your current prescription	3%	8%	24%	62%	2%	1%

11. In the past twelve months, did you get any help in paying for your prescription drugs from insurance or other health coverage?

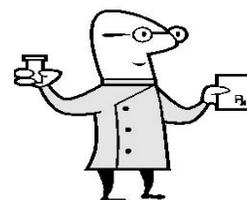
- 70% Yes ↗ **(Continue)**
- 29% No ↗ **(Skip To Qu. 13)**
- 1% Don't know / Not applicable

12. What is the source of your prescription drug coverage? Is it ...?

- 4% Provided by my employer
- 4% Provided by my spouse's employer
- 20% Retiree benefit from my former employer
- 12% Retiree benefit from my spouse's former employer
- 21% Medicare managed care plan/HMO (Medicare+choice)
- 8% Medicare supplemental policy (Medigap)
- 9% Medicaid
- 11% Other government (VA, military, etc.)
- 11% State pharmacy assistance plan
- 11% Some other source (Specify): **AARP 2%**



13. In an average month, how much do you and your spouse, if applicable, pay out of your own pocket for your prescriptions -that is money you do not get reimbursed for?



<u>Spouse</u>	<u>You</u>	<u>Your</u>
\$0	6%	9%
\$1 - \$49.....	37%	31%
\$50 - \$99.....	21%	19%
\$100 - \$149.....	13%	13%
\$150 - \$199.....	9%	8%
\$200 to \$499	8%	9%
\$500 to \$750	1%	1%
\$Over \$750	-	1%
Don't know / Not applicable.....	4%	9%

14. Have you taken any of the following steps to save money on your prescription drugs?

	<u>Yes</u>	<u>No</u>
Purchase prescriptions at a "discount" pharmacy (COSTCO, etc.)	21%	79%
Buy prescriptions on-line from a pharmacy in the U.S.....	3%	97%
Buy prescription through mail order from a pharmacy in the U.S.	25%	75%
Share medications.....	3%	97%
Asked your physician to prescribe generic drugs	65%	35%
Enroll in your state's prescription assistance program.....	18%	82%
Enroll in your state's pharmacy discount program	12%	88%
Ask your physician for drug samples	59%	41%
Other (Specify): _____ ..	-	-

15. Do you currently use a prescription drug discount card or program offered by a drug manufacturer, insurance company, pharmacy, store, or other source?

- 41% Yes ↗ (Skip To Qu. 17)
- 57% No ↗ (Continue)
- 3% Don't know / Not applicable

16. We are interested in the reasons people do not use prescription discount cards or programs. Below is a list of reasons some people have given for not using these discounts, could you tell me why you choose not to use a prescription discount card or program. . (Once You Have "X'd" Your Answer, Please Skip To Question 19)

- 27% Did not know there were prescription discount cards or programs available
- 6% My pharmacy does not accept them
- 26% Discount cards cannot be used in conjunction with other prescription coverage
- 14% Discount cards do not provide enough value
- 16% Other insurance still offers a better price
- 20% Some other reason (Specify):

17. How many of these prescription drug discount cards or programs do you use?
(Write In Actual Number)

of prescription drug discount cards or programs: _____ **Median – 1 / Mean – 1.3**

18. Generally, how satisfied are you with the discounts you receive from using these cards or programs?

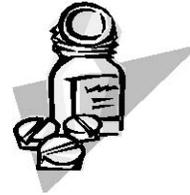
44% Very satisfied

33% Somewhat satisfied

14% Not too satisfied

4% Not at all satisfied

4% Don't know / Not applicable



19. As part of the new Medicare Prescription Drug Law recently passed by Congress and signed into law by the President, all Medicare beneficiaries who are not in Medicaid or eligible for Medicaid will be offered a prescription drug discount card that has the following features.

- Average savings on prescription drugs between 10% and 15%
- A \$600 annual credit for people with annual incomes below \$13,000 for an individual or \$17,000 for a couple; this would work like a debit card for prescription drugs up to \$600 a year for the individual
- An annual fee of no more than \$30, and no annual fee for people with low incomes
- This card would be available in 2004 and 2005, after which time the new Medicare prescription drug benefit takes effect. Private companies will offer this new prescription drug discount card
- All discount cards will meet Medicare's standards

19a. How interested are you in getting more information about these Medicare prescription drug discount cards?

35% Very interested

27% Somewhat interested

20% Not too interested

18% Not at all interested

19b. How likely do you think you would be to sign up for such a Medicare prescription drug discount card?

20% Very likely

25% Somewhat likely

20% Not too likely

18% Not at all likely

16% Don't know / Not applicable



20. All persons over 65 who do not already have prescription coverage, and have individual incomes at or below \$13,000, or family incomes at or below \$17,000, qualify for the \$600 prescription drug assistance offered to low income people. Do you think you would qualify for this benefit?

34% Yes 46% No 20% Don't know / Not applicable

21. If you enrolled in one of the Medicare discount card programs, do you think the discount would ...?

7% Significantly lower your prescription drug expenses
18% Slightly lower your prescription drug expenses
16% Have no effect on your prescription drug expenses
3% Slightly increase your prescription drug expenses
8% Significantly increase your prescription drug expenses
48% Don't know / Not applicable

22. Have you ever seen prescription drugs advertised on television, in newspapers or in magazines?

84% Yes ↗ (Continue)
14% No ↗ (Skip To Qu. 24)
3% Don't know / Not applicable

23. Have you ever asked your doctor for a prescription drug based on advertising you have seen about the drug? **15% Yes 84% No 1% Don't know / Not applicable**

24. Are you and/or your spouse a member of AARP?
60% Yes 39% No 1% Don't know / Not applicable

The following questions are used for demographic classification purposes only.

25. What is your current marital status?

5% Never married ↗ (Continue)
40% Married ↗ (Skip to Qu. 27)
1% Separated ↗ (Continue)
11% Divorced ↗ (Continue)
44% Widowed ↗ (Continue)

26. Please indicate your personal individual income level.

30% Under \$10,000
30% \$10,000 - 12,999
25% \$13,000 - 17,999
8% \$18,000 - 24,999
5% \$25,000 - 49,999
2% \$50,000 +



27. Please indicate the combined annual household income level for those married household members age 65 years or older.

11% Under \$10,000

19% \$10,000 - \$14,999

8% \$15,000 - \$16,999

13% \$17,000 - \$24,999

12% \$25,000 - \$49,999

4% \$50,000 - \$74,999

4% \$75,000+

29% Not applicable / Not married



28. How many people over the age of 65 years live in your household? **(Write In)** # of people: _____ **Median – 1 / Mean – 1.3**

29. Please indicate your age and sex. Age: _____ **Mean – 75.9 years**

30. Sex: **29% Male 71% Female**

Thank you for your help with this study. Please return your completed questionnaire in the enclosed postage-paid envelope as soon as possible.

