

Taking Control of Prescription Drugs

Understanding why costs are out of control and what you can do to lower them

Nationally, prescription drug spending tripled in a single decade to well over \$140 *billion*. At G.M.P. – Employers Retiree Trust (the Trust), we expect that our prescription drug costs will increase by as much as 16 percent this year, and may make up 50 percent of our total health care expenses in the coming year. In dollars, 16 percent equals nearly \$3 million – much higher than the national trend. During the first six months of 2003 alone, prescription drug claims for Trust participants reached \$11 million.

The top five prescription medications used by Trust participants are:

1. Lipitor for managing cholesterol
2. Zocor for managing cholesterol
3. Plavix for blood clot prevention
4. Prevacid/Nexium for heartburn
5. Celebrex for arthritis

Of these, Zocor and Celebrex both made the “Top Ten” list of prescription drugs with the most advertising dollars directed at consumers. Zocor at \$91.2 million; Celebrex at \$78.8 million. See tip #5 below to learn more about drug advertising.

This information is very helpful as we plan programs to help participants manage their health and improve their quality of life, while reducing health care costs. You’ve begun hearing about the diabetes and cardiac care management programs available to eligible participants through Cardium Health. The sidebar to this article has more information about eligibility and enrollment.

According to the Kaiser Family Foundation, **three main factors are driving hikes in prescription drug spending:**

1. The increasing number of prescriptions was responsible for 47 percent of the overall increase in prescription drug spending from 1997-2001.
2. Changes in the types of drugs used (with newer, higher-priced drugs replacing older, less-expensive drugs) accounted for 27 percent of the increase, and;
3. Manufacturer price increases for existing drugs account for 26 percent of the increase.

There is no end in sight, either. U.S. spending for prescription drugs is expected to continue its alarming rise, reaching \$445.9 *billion* by 2012, or 17 percent of personal health care spending.



As newer, more expensive drugs continue to be introduced and advertising becomes more aggressive, cost and affordability will put pressure on consumers and employers.

Sources: Kaiser Family Foundation, *Prescription Drug Trends – A Chartbook Update*, March 2003; Industry Facts-at-a-Glance, National Association of Chain Drug Stores, at www.nacds.org (2001 retail price); Pharmaceutical Research and Manufacturers of America at www.phrma.org/publications; www.instituteedc.org. Data: DTC advertising amounts from *Competitive Media Reporting, Strategy Report*, March 2001. Top 200 rankings by number of prescriptions dispensed from IMS Health, Inc., *National Prescription Audit Plus*, published in *Pharmacy Times*, April 2001.

Be wary of drugs you see advertised. There is a parallel relationship between how much drug companies spend on advertising, and which drugs are prescribed most frequently. There are often generic drugs that are just as effective as the expensive brand name.

If you're not sure if your primary care doctor is aware of all the medications you are taking – both prescription and over-the-counter – schedule an appointment and bring everything with you. Your doctor can tell you if you are still taking the right medicines, and whether any of them should not be used together.