

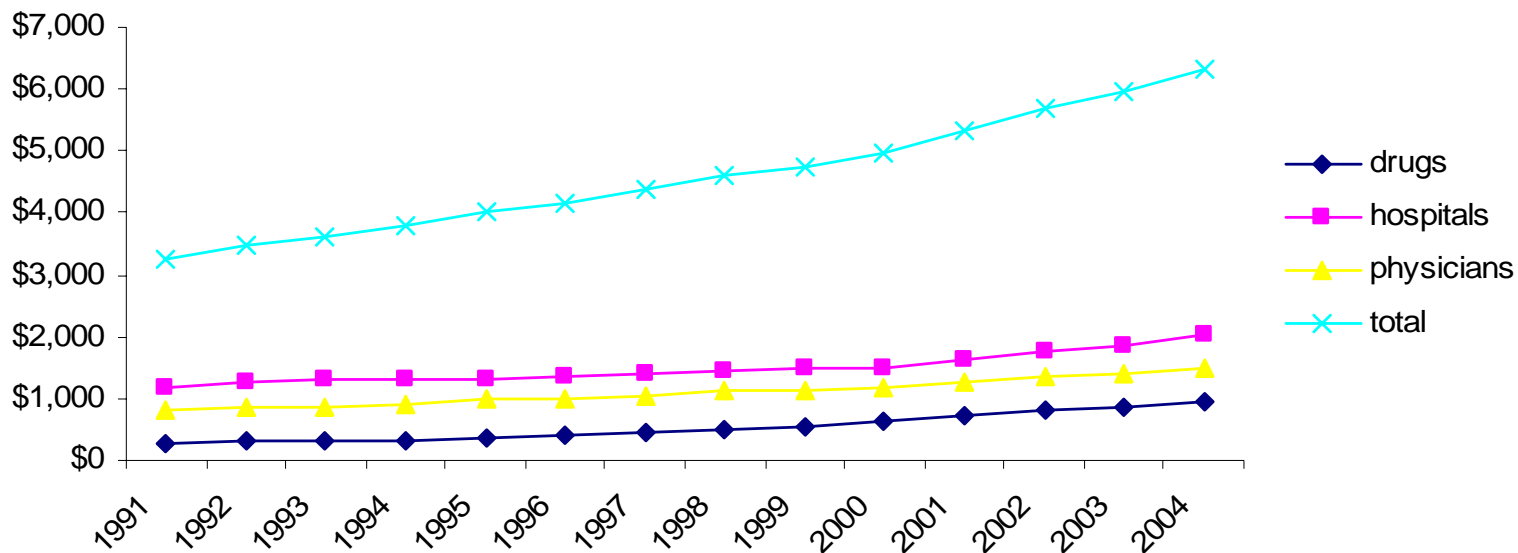


CT Prescription drug spending, marketing, and the uninsured

Ellen Andrews, PhD
CT Health Policy Project
For the Health Care Study Group
2/27/08

CT prescription drug spending in context

CT per capita health spending



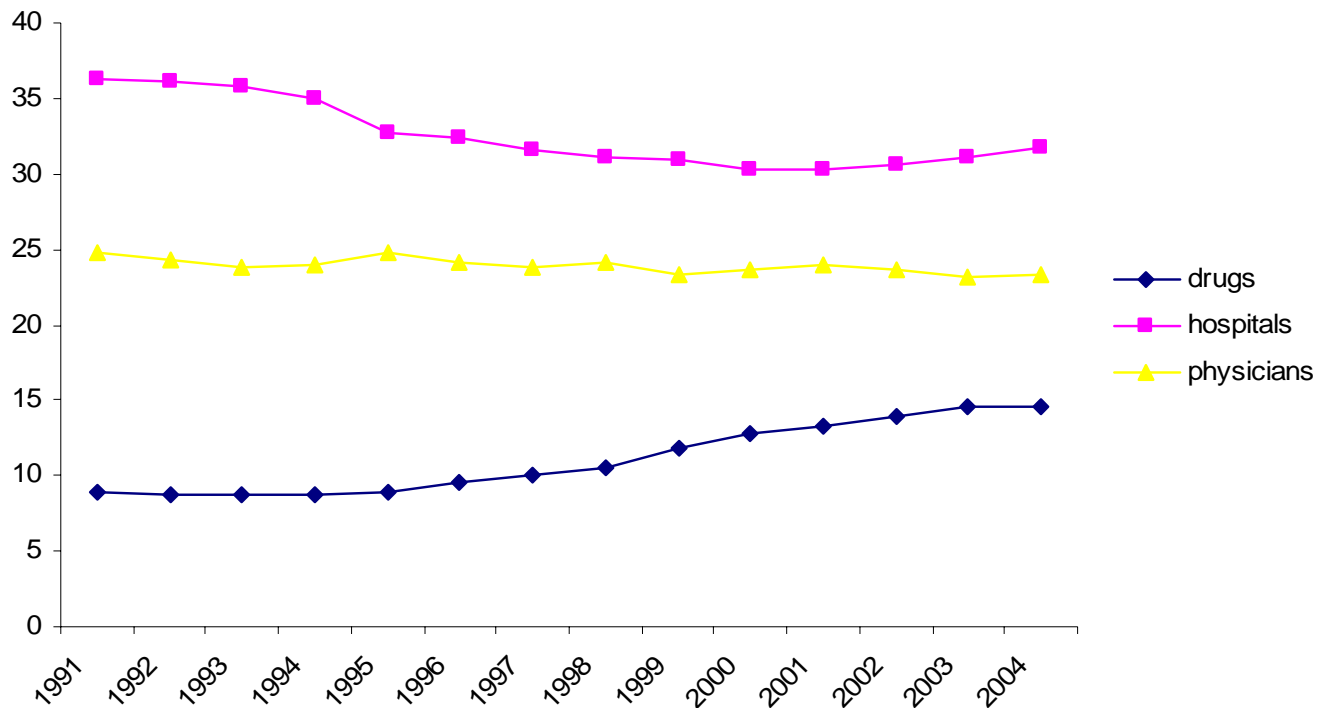
Source: CMS National Health Expenditure Accounts

<http://www.cms.hhs.gov/NationalHealthExpendData/>

Accessed 2/27/08

CT prescription drug spending rising proportionally

CT spending as % of total, per capita



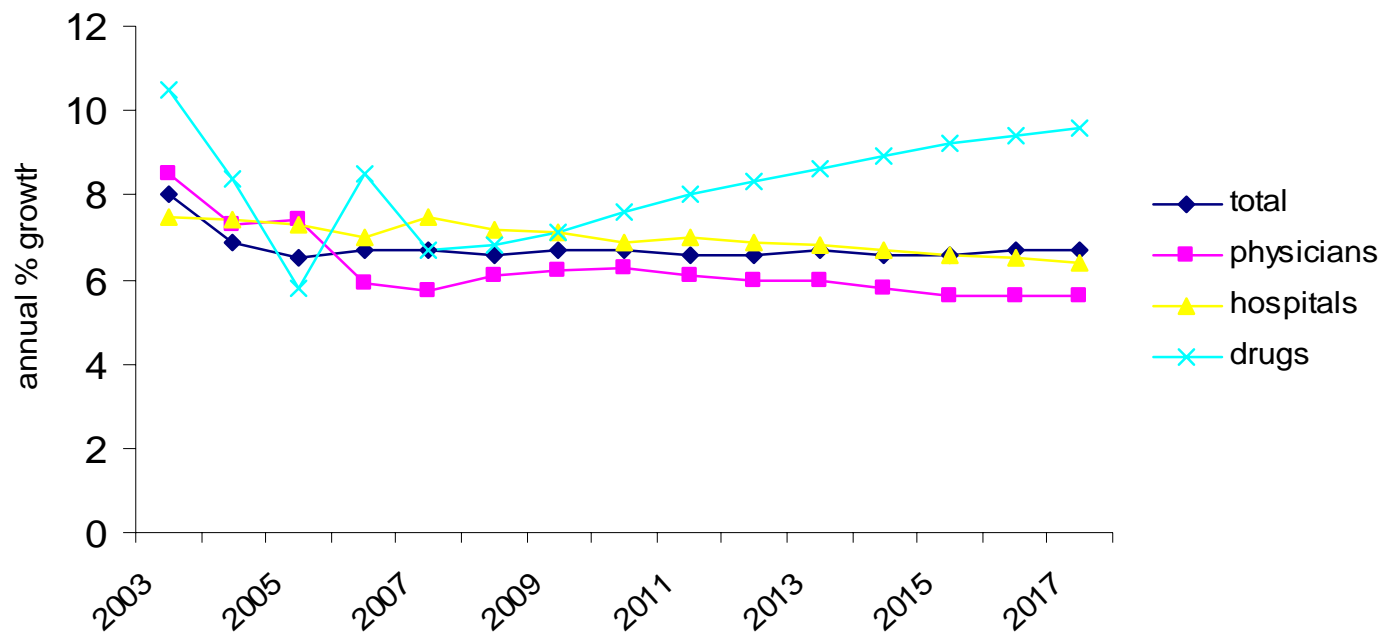
Source: CMS National Health Expenditure Accounts

<http://www.cms.hhs.gov/NationalHealthExpendData/>

Accessed 2/27/08

CT prescription drug spending future growth

National health projections



Source: CMS US Health Care Spending Projections

http://www.cms.hhs.gov/NationalHealthExpendData/03_NationalHealthAccountsProjected.asp#TopOfPage

Accessed 2/27/08

Driving growth in drug spending

- Medicare Part D
 - large increase in utilization
 - Shift to government from private payors
- More scripts written
 - Responsible for half the growth
- Rising prices moderated by greater use of generics
- Higher priced drugs replacing less expensive ones
- Expanded uses for same drugs
- Number of new drugs to market expected to accelerate

Sources: Keehan, et. al., Health Spending Projections Through 2017: The Baby-Boom Generation is Coming to Medicare, Health Affairs, Web Exclusive, 2/26/08, Catlin, et.al., National Health Spending in 2006: A Year of Change for Prescription Drugs, Health Affairs, Jan/Feb 2008

Average share paid out-of-pocket

(2003, people with health spending)

Prescriptions	64%
Hospital	5%
Outpatient	11%
Office-based	26%
ER	14%
Dental	41%
Home Health	17%
Vision	74%
Other	50%

Source: Distribution of Out-of-Pocket Spending for Health Care Services, Snapshots: Health Care Costs , Kaiser Family Foundation, May 2006

Drug pricing

- 2006 avg. script price = \$68.26
 - Up from \$64.86 in 2005
 - Brand name \$111.02
 - Generic \$32.23
- Where the money goes (2006)
 - Manufacturer \$53.00 78% of total
 - Wholesaler \$2.04 3% of total
 - Retailer \$13.23 19% of total

Source: Industry Facts at a Glance, National Assoc. of Chain Drug Stores

<http://www.nacds.org/wmspage.cfm?parm1=507>

Accessed 2/25/08

Marketing

	\$, % total marketing (2001)	Avg annual increase 1996 - 2001
Detailing – drug rep. sales to physicians	\$5.5 billion 29%	13%
Samples	\$10.5 billion 55%	16%
DTC ads	\$2.7 billion 14%	28%
Medical journals	\$400 million 2%	-2%

Every dollar spent on DTC advertising yields \$4.20 in additional drug sales

Source: Impact of Direct-to-Consumer Advertising on Prescription Drug Spending, Kaiser Family Foundation, June 2003

Samples

- Poor and uninsured patients are less likely to get free drug samples than the insured or wealthy
- Samples are a marketing tool, not a safety net
- Less than 1/3 of samples go to patients with incomes under 200% FPL (2003)
- Hispanics, non-English speakers, and patients not US-born least likely to get samples

Source: S. Cutrona, et. al., Characteristics of Recipients of Free Prescription Drug Samples: A Nationally Representative Analysis, Amer J of Public Health, 98:284, Feb 08

Contact us for more information:

Ellen Andrews, PhD

Executive Director

CT Health Policy Project

andrews@cthealthpolicy.org

(203) 562-1636

www.cthealthpolicy.org