

**Ask Hedy!** *On a regular basis, Hedy Ciocci, B.S.N., Administrator of the Selfhelp Home will answer some of the many questions we have around aging. Hedy specializes in dementia care, has extensive experience working with families and elderly patients, and is a registered nurse. She is a frequent lecturer on issues of aging.*

*Hedy interviewed George Rosenbaum, Chairman of Leo J. Shapiro and Associates, an Illinois survey and research group that serves healthcare providers, the pharmaceutical industry, and retailers throughout the country. The focus for the interview was the drop in prescription medication prices being forced by large retailers.*



*Hedy Ciocci*

## Taking Aim at High Drug Costs

**Recently, Wal-Mart and other major retailers announced that they would fill generic prescriptions at a cost of only \$4 for a 30-day supply. This could have a major benefit for elderly people who often have multiple prescriptions. Can you tell me more about this program?**

Wal-Mart has already expanded its program. They now offer this in 23 states and over 2000 stores, including Illinois. The number of generic drugs that can be purchased for only \$4 now tops 300 and Target stores have just announced that its pharmacies will also offer generic medication for only \$4. The competition has begun to mobilize and we are seeing this spread to major drug stores as well. Not only are competitive discounters and drugstores offering \$4 generics, but they are considering offering even more. The thrust is to offer low cost or even free antibiotics and provide children's medications. As well, the size of the formulary that is being included in the \$4 generic offering is on the rise.

We may be at the beginning of a major public assault on health care costs. In addition to the reduced pricing structure, we are seeing a proliferation of retail store clinics that don't require an appointment. These clinics are usually operated by nurse practitioners and cost only about \$40 a visit, which is often covered by insurance. The nurse practitioners are able to prescribe medication and are more cost effective than having physicians staff these clinics.

**Do you think that physicians will support this reduced price structure?**

Patients will begin to put pressure on physicians to prescribe generics whenever possible as a result of programs like this. A national survey conducted by my research firm, Leo J. Shapiro, found that about three weeks after

substantial for brand name drugs and Medicare already encourages the use of generics whenever possible. And, of course, there is an upfront deductible before benefits are received. Elderly patients are being faced with paying a substantial share of the cost of prescriptions out of their own pockets and many Medicare

retailers, the elderly may not fully benefit. It is likely that this inequity will be addressed by the market in some way. For example, Wal-mart, Target and chain stores might decide to launch service programs to supply elderly care facilities or mail order prescriptions directly to homes.

*“Elderly patients are being faced with paying a substantial share of the cost of prescriptions out of their own pockets and many Medicare patients have not yet enrolled for the drug coverage program.”*

– George Rosenbaum, Chairman of Leo J. Shapiro and Associates

Wal-Mart's announcement, 57% of American adults had heard the news and about a third said that they would definitely ask their physicians to prescribe generics. That is an immense amount of influence, which will encourage physicians to prescribe generic equivalents as well as to substitute generics when they are an appropriate, even if they aren't equivalent to the brand name drug.

**Do you think that patients who are enrolled in Medicare will participate in this effort?**

The survey we conducted found that people over age 65 were even more aware of the news (62%) but somewhat less determined to speak to their physicians about it (23%). It is likely that even Medicare patients who have signed up for drug coverage will pursue the use of generics. The co-payments under Medicare drug coverage are quite

patients have not yet enrolled for the drug coverage program.

**Are there really enough generic drugs to make a difference?**

It depends on the kinds of medications a patient is taking. A large share of pharmacy sales is captured by the top 100 drugs, probably a sizeable majority. Wal-Mart has announced that they will offer over 300 generics. I think you can safely assume that generics can apply to a good share of those top 100 drugs.

**Many elderly people no longer drive, are homebound or living in retirement homes. How will they benefit from generic prescriptions offered at low prices in Wal-mart or other large retail outlets?**

Unless the price of generic drugs generally declines as a consequence of the competitive influence of Wal-Mart and other

**How significant are these savings likely to be for elderly people?**

People age 65 or older, who are prescription users, on average are taking four prescriptions at any one time. If these are brand name medications, a monthly supply could average \$30 a prescription. If all but one of these prescriptions is converted to a generic, the savings each month would amount to \$78 for someone with no prescription coverage. It would still total a substantial amount for the individual who has prescription coverage under the Medicare drug plan.