RESEARCH LETTERS

Health Care Reform

Potential Savings From Greater Use of $4 Generic Drugs

Discounted generic medication programs ($4 per 30-day supply or $10 per 90-day supply) are available at pharmacies of many retail stores, such as Wal-Mart and Target.1,2 While most prescription drug coverage requires patients to pay $10 to $11 per 30-day supply for generic drugs and $25 to $27 for preferred brand-name drugs between 2006 and 2009,3 anyone regardless of insurance, pays only $4 for qualifying generic drugs through these programs. Use of $4 programs could potentially save patients and society billions of dollars. To our knowledge, this study is the first to evaluate who may be using $4 programs and potential national savings from broad use of these programs.

Methods. We examined a nationally representative sample of 30 964 individuals in the 2007 Medical Expenditure Panel Survey (MEPS).4 Our study population consisted of individuals older than 18 years who used any generic medications or their brand-name counterparts, available in $4 programs any time in 2007. We limited our analysis to pills, tablets, or capsules. To identify prescriptions for these medications filled through $4 programs in MEPS, we used the following criteria: (1) the drug was available through a $4 program at $4 for a 30-day quantity; (2) patients paid $4 out-of-pocket for the same 30-day quantity; and (3) no other payers contributed to the payment (ie, patients bore the total medication cost). We defined those who did not use $4 programs and could save if they filled their drugs (both generic or brand name) at $4 programs as “potential users” and calculated potential savings as the difference between MEPS actual prescription payments and potential costs if one were to buy the drugs from $4 programs. Because not every potential user would switch to a $4 program, we conducted sensitivity analyses. We ranked the potential out-of-pocket savings among potential users from highest to lowest and then calculated potential savings assuming only the top 80%, 50%, and 30% of potential users would switch.

Results. Among 30 964 individuals sampled in the 2007 MEPS, 13 908 adults filled at least 1 prescription in 2007, accounting for 50% of the US population. Approximately 55% of the 13 908 adults (n=7690) used any drug (either generic or brand name) whose generic formulation is commonly available in the $4 programs, corresponding to 80 567 861 US adults. Among these 7690 adults, only 5.9% (n=450) used a $4 program in 2007; and 60.2% (n=4628) could potentially have filled their prescription in a $4 program. This corresponds to 4 429 793 current users and 50 188 290 potential users among US adults.

The Table presents the potential savings from switching from brand-name drugs and regular generics to $4 generics using 2007 MEPS data. The mean total savings per person over 1 year for both generic and brand-name drugs would be $115 (95% confidence interval [CI], $107-$124) and the mean out-of-pocket savings per person would be $64 (95% CI, $59-$69). The total societal savings based on the weighted US population would be $5.78 billion, of which $3.23 billion is attributed to patient out-of-pocket savings and $1.07 billion to Medicare.

If we assumed only the top 80% of potential users would switch, the total potential societal savings would be $5.64 billion, with $3.20 billion savings to patients and $1.04 billion to Medicare. The mean total saving per person would be $141 (95% CI, $131-$151) and the mean out-of-pocket savings per person would be $80 (95% CI, $74-$86). If only the top 30% of potential users would switch, the total societal savings would be $4.21 billion (Table). Examining the distribution of savings shows that 50% of potential users would save less than $22 a year out-of-pocket, and only 5% of all potential users could save more than $269 and approximately 1% could save more than $718 annually out-of-pocket.

Comment. We found that among patients taking drugs available in $4 programs and their brand-name counterparts, only 5.9% actually paid $4 in 2007. The societal savings would be $5.8 billion in 2007 if all potential users switched to a $4 program; however, only 50% of potential users would save more than $22 a year out-of-pocket.

While the policy change to encourage these cost savings is not obvious, the ramifications of such a change are important to consider. A potential savings of $6 billion represents approximately 2.5% of total health expenditures on prescription drugs in 2007, which is not inconsequential.3 In addition, our savings calculations only assumed direct substitution and did not incorporate the possibility of therapeutic substitution, and our analysis excluded children. It remains to be seen what the uptake of these programs has been since 2007.

We are not attempting to promote WalMart or any other specific pharmacy as the place for patients to fill their prescriptions. It appears, however, that the majority of savings comes from a small proportion of individuals, and if policy makers and clinicians can direct these

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individuals to low-cost generic drug programs, patients, payers, and taxpayers could save enormously.

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Table. Potential Savings Among Potential Users

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of Adults</th>
<th>No. of Weighted Users</th>
<th>Total Savings per Person, a 2007 $</th>
<th>Total Societal Savings, b 2007 $</th>
<th>Out-of-pocket Savings per Person, b 2007 $ (95% Confidence Interval)</th>
<th>Total Savings to Patients, b 2007 $</th>
<th>Total Savings to Medicare, b 2007 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>All switched</td>
<td>1047</td>
<td>11 701 128</td>
<td>216 (194-238)</td>
<td>2 529 052 573</td>
<td>125 (113-138)</td>
<td>1 467 669 167</td>
<td>442 970 165</td>
</tr>
<tr>
<td>Top 80% switched</td>
<td>958</td>
<td>10 728 057</td>
<td>231 (208-254)</td>
<td>2 477 381 456</td>
<td>137 (123-150)</td>
<td>1 465 834 780</td>
<td>435 423 813</td>
</tr>
<tr>
<td>Top 50% switched</td>
<td>3199</td>
<td>34 323 534</td>
<td>92 (85-99)</td>
<td>3 163 901 619</td>
<td>51 (47-55)</td>
<td>1 738 475 939</td>
<td>605 471 857</td>
</tr>
<tr>
<td>Total</td>
<td>4628</td>
<td>50 188 290</td>
<td>115 (107-124)</td>
<td>5 781 571 573</td>
<td>64 (59-69)</td>
<td>3 229 133 122</td>
<td>1 069 552 759</td>
</tr>
<tr>
<td>Top 30% switched</td>
<td>811</td>
<td>9 001 487</td>
<td>262 (236-287)</td>
<td>2 354 752 998</td>
<td>161 (145-176)</td>
<td>1 445 988 387</td>
<td>415 959 412</td>
</tr>
<tr>
<td>Total</td>
<td>2314</td>
<td>24 889 392</td>
<td>202 (187-217)</td>
<td>5 031 403 958</td>
<td>122 (112-131)</td>
<td>3 025 544 631</td>
<td>901 671 680</td>
</tr>
</tbody>
</table>

a These numbers are weighted numbers that reflect the survey design, sampling frame, and adjustments for household nonresponse and planned oversampling.

b These numbers are savings per person multiplied by the number of weighted users.

Disclaimer: The contents of this publication are solely the responsibility of the authors and do not necessarily represent the NCRR.

Previous Presentation: Dr Zhang gave a podium presentation of this study at the AcademyHealth Annual Meeting; June 27, 2010; Boston, Massachusetts.


The Impact of Medical School Oaths and Other Professional Codes of Ethics: Results of a National Physician Survey

Most US medical students participate in “white coat” ceremonies in which they recite an oath, often with reference to the Oath of Hippocrates. Reciting such oaths or endorsing shared ethical standards such as the American Medical Association (AMA) Code of Ethics can nurture professionalism by conveying a sense of gravity and belonging to something greater than oneself. Yet historic oaths can sound anachronistic to the modern ear, and the oaths sworn in...