



DestinationRx Drug Comparison: Helping Seniors Save Money and Avoid the Donut Hole

Background

DestinationRx's lower cost options tool is a drug cost comparison tool that incorporates Medicare Part D Plan structures and pricing. The tool employs a three-step process to help individuals quickly identify lower-cost alternatives to their medications, including plan-preferred options and generics. First, an individual selects his or her plan and enters a medication. Next, a custom report is generated that displays all of the lower-cost prescription drug options available under the member's plan. Finally, the individual brings the report to his or her doctor, who switches the member to a lower-cost medication, as appropriate. Since January 1, 2004, the tool has been helping individuals save an average of 20 percent on their prescription drug costs, with some saving as much as 80 percent.

Medicare Part D's Donut Hole

The "donut hole" refers to the coverage gap phase of Medicare Part D during which enrollees are responsible for the cost of their prescription drugs. An estimated 4.2 million seniors reached the "donut hole" in 2006 and faced high out-of-pocket costs.¹ Some could benefit next year by switching to a different plan between November 15th and December 31st and paying a higher premium in exchange for better coverage of out-of-pocket costs. Even without switching plans, many can immediately save significant amounts of money by choosing less expensive brand and generic alternatives to their existing prescription medications.

For seniors close to the donut hole, especially seniors who take multiple drugs, cost comparing can translate into thousands of dollars of savings. For example, switching just one of the top prescribed drugs to a lower priced, therapeutic alternative can save an average of 94% on that one drug.

Optimizing Seniors' Drugs

To calculate the potential cost savings for seniors who use DestinationRx's Drug Compare, DestinationRx created a profile of a "typical" senior on Medicare Part D, one taking the most popular brand name prescription drugs for four common conditions affecting seniors (osteoarthritis, gastroesophageal reflux disease [GERD], high cholesterol, and hypertension). They calculated the out-of-pocket costs of the brand drugs under the top five health plans in a given zip code, then compared these results to a DestinationRx optimized drug regimen under each plan. In all cases, the senior would hit the donut hole when on the most popular drugs, but would completely avoid the donut hole using the optimized drugs.

The details of this analysis are presented below.

Background

The objective of this study was to compare the out-of-pocket costs of popular brand name prescription drug regimens to the out-of-pocket costs of DestinationRx optimized drug regimens for senior citizens on Medicare Part D, given different conditions and health care plans. In addition to evaluating the potential savings of optimized drug regimens, the study also determined if and when the average senior citizen would hit the donut hole when taking certain medications.

Methods

DestinationRx:

1. Selected four common conditions prevalent with most seniors.

Four conditions were selected based on common conditions affecting seniors and the availability of therapeutic alternative data from DestinationRx's Drug Compare tool. Conditions selected were:

- a) Osteoarthritis
- b) GERD
- c) High Cholesterol
- d) Hypertension

2. Selected a top-selling brand name drug in each therapeutic class for these conditions.

Treatment guidelines for each condition were used to determine the class of drugs used to treat each condition. Sources included www.guideline.gov, other web sites with public domain content recognized as reliable and accurate, and nationally recognized consensus guidelines. Once the appropriate class of drugs was determined, the top selling brand medication for each condition was determined using RxList's 'Top 200 Prescriptions for 2007 by Number of US Prescriptions Dispensed,' available at <http://www.rxlist.com/script/main/hp.asp>. One exception to the selection of a top-selling brand was made for the diuretic hydrochlorothiazide because it is most typically prescribed in generic form.

The following top brand drug regimen was selected:

- Celebrex 400 mg QD (COX 2 Inhibitor)
- Nexium 20 mg QD (Proton pump inhibitor)
- Lipitor 10 mg QD (Statin)
- Hydrochlorothiazide 12.5 mg QD (Diuretic)
- Toprol XL 100 mg QD (Beta blocker)

3. Selected the top five health care plans in an area with a high population of senior citizens.

Boynton Beach, Florida, was chosen as a city with a significant population of senior citizens. According to SeniorJournal.com, 21.5% of the population of Boynton Beach is senior citizens, which is the largest concentration of seniors in the top fifteen smallest cities in the United States.² The zip code of Boynton Beach, 33437, was used to determine the five largest health plans in the area. From the 'Medicare Advantage, Cost, PACE, Demo, and Prescription Drug Plan



Organizations Annual Report by Plan' for July 2006, the top five health plans available in Boynton Beach with the largest enrollment were chosen:

- a) AARP MedicareRx Saver
- b) Blue MedicareRx Value – Option 1
- c) Health Net Orange – Option 1
- d) Humana PDP Standard S-5884-069
- e) WellCare Signature

4. Selected the lowest cost therapeutic alternatives for each top-selling brand name drug using the DestinationRxDrug Compare tool.

Using the DestinationRxDrug Compare tool at www.destinationrx.com and database of therapeutic alternatives, the lowest cost therapeutic alternative was selected for each of the five health plans included in this analysis.

The Rxaminer tool found an alternative drug, dose and frequency therapeutically equivalent to the top selling brand drug:

- Naproxen 500 mg BID (Non-steroidal anti-inflammatory drug [NSAID])
- Omeprazole 20 mg QD (Proton pump inhibitor)
- Simvastatin 20 mg QD (Statin)
- Hydrochlorothiazide 12.5 mg QD (Diuretic)
- Metoprolol Extended Release 50 mg BID (Beta blocker)

5. Entered medications into DestinationRx’s Plan Finder tool at medicare.gov to determine all costs for different health plans.

Using the Medicare.gov website to price the total out-of-pocket costs, two trials were run for each of the five plans, one using the top prescription brand drug regimen, and one using the DestinationRx therapeutic alternative regimen.

Top Brand Drug Regimen

Celebrex 400 mg QD
 Nexium 20 mg QD
 Lipitor 10 mg QD
 Hydrochlorothiazide 12.5 mg QD
 Toprol XL 100 mg QD

Rxaminer Optimized Regimen

Naproxen 500 mg BID
 Omeprazole 20 mg QD
 Simvastatin 20 mg QD
 Hydrochlorothiazide 12.5 mg QD
 Metoprolol Extended Release 50 mg BID

6. Determined out-of-pocket costs and when the average senior citizen would hit the “donut hole” using the 2008 Medicare Standard Benefit Plan Model.

The Medicare Prescription Drug Plan – 2008 Plan Data tool from www.medicare.gov was used to find the monthly premium, deductible, and annual cost for the top five health care plans in Boynton Beach when the average senior citizen with the given conditions took the medications in each drug regimen. The month that a beneficiary hits the donut hole was determined using the CMS Model Plan from the Medicare Part D website.³

Results

All results are based on plan data as of August 7, 2008.

The average senior with osteoarthritis, GERD, high cholesterol, and hypertension would save an average of 88%, or \$4,461.36 annually when optimizing their drugs using the DestinationRx Drug Compare Tool.

Comparing Brand Name Drugs to Lower Cost Alternatives				
Plan Name	Annual Cost with Brand Name Drugs	Annual Cost with Rxaminer Lower Cost Alternatives	Annual Savings	% Savings
AARP Saver	\$4,599.60	\$775.00	\$3,824.60	82%
Blue MedicareRx - Option 1	\$4,120.00	\$775.00	\$3,345.00	84%
Health Net Orange - Option 1	\$5,504.80	\$320.00	\$5,184.80	94%
Humana Standard S-5884-069	\$4,134.00	\$748.00	\$3,386.00	83%
Wellcare Signature	\$7,071.40	\$505.00	\$6,566.40	93%
Average	\$5,085.96	\$624.60	\$4,461.36	88%

A senior citizen taking all brand name drugs will always reach the donut hole when enrolled in one of the five health plans listed. However, when a senior uses the optimized drugs, they will completely avoid the donut hole.

Plan Name	Month Entering Coverage Gap with Brand Name Drugs	Month Entering Coverage Gap with Rxaminer Lower Cost Alternatives
AARP Saver	July	None
Blue MedicareRx - Option 1	June	None
Health Net Orange - Option 1	May	None
Humana Standard S-5884-069	July	None
Wellcare Signature	April	None

How Has Medicare Plan D Changed Since 2006?

Since 2006, the costs of the Part D Benefit Parameters have been changing. In 2006, initial deductible costs were \$250. This increased to \$265 in 2007 and to \$275 in 2008. Coverage limit, out-of-pocket threshold, and minimum cost-sharing in the Catastrophic Coverage phase have also increased by about 12% since 2006. The simultaneous rise of costs and coverage limits will continue into 2009, in which the deductible will be \$295. Other Part D Benefit Parameters are expected to increase by about 7% in the upcoming year.⁴

About DestinationRx

Founded in 1999, DestinationRx is a leader in consumer drug comparison and purchasing technology. The company provides government and commercial plan providers with the resources to create fully integrated and comprehensive decision-support capabilities for their members. DestinationRx is also a leading consumer resource, providing education, price comparisons, and purchasing options for a variety of prescription drug and other healthcare transactions. The company's client roster includes the Centers for Medicare and Medicaid Services (CMS), pharmacy benefits managers (PBMs), large health plans, Fortune 100 employers, and advocacy organizations. For more information, visit: www.DestinationRx.com and www.Rxaminer.com.

References:

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2. "Senior Citizens Now 12.1 Percent of Population; New Census Report Highlights Cities Since 2000". Available at: <http://seniorjournal.com/NEWS/SeniorStats/6-08-21-SeniorCitizensNow12.htm>
3. "How does this Donut Hole really work?" Available at: <http://www.medicare-partd.com/PartD-MoreOnTheDonutHolesOrCoverageGap.php>
4. Figures found at: "What is the Outlook for Medicare Part D 2009?" Available at: <http://www.medicare-partd.com/PartD-The-2009-Medicare-Part-D-Outlook.php>

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