

Medicare beneficiaries substantially more likely to use brand-name drugs than VA patients

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Medicare beneficiaries with diabetes are two to three times more likely to use expensive brand-name drugs than a comparable group of patients treated within the VA Healthcare System, according to a nationwide study by researchers from the University of Pittsburgh, VA Pittsburgh Healthcare System and Dartmouth College.

Spending in [Medicare Part D](#) would have been an estimated \$1.4 billion less in 2008 if brand-name and generic [drug](#) use matched that of the VA for the medications studied. The report, the first large-scale comparison of prescription drug use between Medicare Part D and the VA, is online and will be published in the print edition of the *Annals of Internal Medicine* on July 16.

"Our study shows that we can make a big dent in Medicare spending simply by changing the kinds of medications people are using – and physicians are prescribing – without worrying about whether the government should or should not negotiate drug prices," said lead author Walid Gellad, M.D., M.P.H., an assistant professor in the Pitt Graduate School of Public Health's Department of Health Policy and Management and Pitt's School of Medicine. "The levels of generic use found in the VA are attainable, and they are compatible with [high quality care](#)."

The study was jointly funded by the VA, National Institutes of Health (NIH) and Robert Wood Johnson Foundation.

Dr. Gellad and his colleagues analyzed 2008 data for over 1 million Medicare beneficiaries and 500,000 veterans to compare prescription use between Medicare and the VA, focusing on diabetes, cholesterol and blood pressure medications.

Medicare and the VA have a significantly different approach to drug prescribing. Medicare contracts with more than 1,000 [private insurance companies](#), each using a distinct formulary and cost-sharing arrangement for prescribing drugs. The VA uses a single formulary and all veterans have the same cost-sharing arrangement.

Brand-name drugs cost considerably more than [generic medications](#) because the distributors of generics generally are not paying the cost of drug development, brand protection and marketing. In a chronic condition like diabetes, there is a broad range of available therapies with widely diverging costs, some of which can be lessened by using a generic medication rather than its brand-name counterpart.

Of the four medication groups commonly used by patients with diabetes, the researchers found that [Medicare beneficiaries](#) were more than twice as likely as VA patients to use brand-name drugs in almost every region of the country.

"We're not suggesting that Medicare turn into a VA system, nor do we believe that brand-name drugs have no role in improving health," said Dr. Gellad, also a primary care physician. "This study is about how we can manage our limited resources while maintaining high quality care. The VA shows us that it can be done for prescription drugs. Going forward, we need to understand whether these differences in prescription use have changed, if at all, from 2008 to present."

Provided by University of Pittsburgh Schools of the Health Sciences

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