Medical Xpress

# Lower-cost drug substitutions could mean big savings for Medicare patients, government

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As everyone knows, medications are expensive, and even with insurance coverage, patients' out-of-pocket drug costs can be quite hefty. This holds true for individuals with Medicare Part D, also known as the prescription drug benefit, which subsidizes the cost of medications for about 28 million Medicare beneficiaries.

About one-fifth of these Part D beneficiaries have out-of-pocket costs that top $100 a month. As a result, some 10 percent are forced to use less medication than prescribed due to financial hardship. And while the program's low-income subsidy can help reduce costs for those with the greatest need, it doesn't reduce the overall cost of medications, so the government continues picking up most of the tab.

Given that both the government and Medicare beneficiaries have to deal with the high cost of medication, there is a need for strategies to reduce those costs.

A new UCLA-led study published online in the *Journal of General Internal Medicine* points to a simple solution that could result in hundreds of dollars in savings per patient: Instead of brand-name drugs, substitute less expensive counterparts that have a similar therapeutic effect—a practice sometimes known as therapeutic interchange or therapeutic substitution.

While this seems simple—and while about 90 percent of hospitals do it all the time—it is, oddly, not yet common practice in outpatient settings in the United States.

The cost of prescription medications continues to grow each year, for patients, health plans and government insurance programs such as Medicare, said the study's lead investigator, Dr. O. Kenrik Duru, an associate professor in the division of general internal medicine and health services research at the David Geffen School of Medicine at UCLA.

"The increase in prescription drug costs is not sustainable over time, and we need to consider alternative approaches that are more cost-conscious," he said. "Many patients are not aware that there is often a less expensive alternative to many popular medications that may work slightly differently but have a very similar therapeutic effect. While the appropriateness of substituting less expensive medication varies in different clinical situations, patients need to know about potential options so they can have informed discussions with their doctors."

The researchers used 2007 data to identify 50 common medications prescribed in a large Medicare Part D health plan. In addition, a group of practicing clinicians and pharmacists identified a subset of about 30 of these medications for which there was either a direct generic substitute that used the same chemical compound, or an acceptable and less expensive therapeutic substitute that used a different chemical compound with a very similar therapeutic effect.

The researchers then compared the cost of the original medications to the substitutes and calculated the potential savings. This included savings for the patient, the health plan and, in some cases, for the government when it was subsidizing the cost.

They found that 39 percent of Medicare patients receiving the low-income subsidy and 51 percent of patients not receiving the subsidy were eligible for a generic or therapeutic substitution. (The health plans and the government pay most of the medication costs for subsidy-eligible patients.)

For each generic substitution among patients receiving a subsidy, the government would save an average of $156 per year, the researchers found. Each therapeutic substitution among subsidized patients would result in greater savings: The government would, on average, save $126 per year, and the health plan would save $305 per year.

Patients not receiving the low-income subsidy would save $138 per year for each generic substitution. For each therapeutic substitution, each patients would save, on average, $113 per year, and the health plan would save $276 per year.

The researchers noted that not every substitution is appropriate for every patient, and they acknowledged that in some clinical scenarios, potential substitutions have already been tried unsuccessfully or may not be appropriate at all. For these reasons, they listed cost-savings as a per-substitution figure rather than estimating potential savings across the entire system. (The latter number would depend on exactly how many people switched to potential substitutes.)

Also, the researchers said, these numbers are from a single health plan at one point in time and cannot be generalized to other health plans.

But, Duru noted, "The purpose of this research was to provide a general estimate of possible potential savings."

**More information:** Duru OK et al (2013). Potential Savings Associated with Drug Substitution in Medicare Part D: The Translating

Research Into Action for Diabetes (TRIAD) Study. Journal of General Internal Medicine; DOI: 10.1007/s11606-013-2546-6