

Independent pharmacies and online coupons help patients save money on drugs

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Uninsured patients or those with limited prescription drug coverage can save significant money by buying their drugs at independent pharmacies

instead of big box, grocery or chain drug stores and by using discount coupons, USC researchers have found.

The cash price for a commonly prescribed generic antibiotic can vary, on average \$52, within a single ZIP code, according to the study published recently in the [*American Journal of Managed Care*](#).

In a survey of 535 pharmacies in Los Angeles County's highest and lowest-income ZIP codes, USC researchers found that the prices were lowest at independent pharmacies and when using online coupons compared to the prices found at grocery, big-box or chain stores. The researchers said they would expect similar results in other areas of the country.

The study indicates that patients can potentially save significant amounts simply by comparison shopping within their neighborhood or by using discount coupons available online.

"Consumers typically know the price of a product and have some information about its quality before purchasing. That's rarely the case in [health care](#)," said lead author Geoffrey Joyce, director of health policy at the USC Schaeffer Center for Health Policy and Economics and associate professor at the USC School of Pharmacy.

A separate study released Monday in the journal [*Health Affairs*](#) further confirmed that health care price shopping is uncommon. USC Schaeffer Center and Harvard Medical School researchers found that few Americans actively obtain price information before going to the doctor.

The research team called pharmacies in the highest and lowest income ZIP codes in Los Angeles County between July and August 2014. Explaining that they were calling on behalf of an uninsured patient, the researchers asked for the cash price for two commonly prescribed

generic antibiotics, levofloxacin and azithromycin, which treat community-acquired pneumonia.

They then analyzed variation in the price quoted across and within 82 ZIP codes, as well as by type of pharmacy, including chain drug stores, independent pharmacies, grocery stores, or big-box stores. Researchers also obtained prices for the two medications from GoodRx, a popular online service that aggregates discounts and coupons.

In low-income areas, the price for levofloxacin ranged from a low of \$4 to a maximum price of \$149. In high-income areas the range was \$5 to \$229. The patterns were similar for azithromycin, though on a smaller scale: The price range was \$2 to \$26 in low-income ZIP codes, and \$4 to \$30 in the high-income areas.

Additionally, Joyce and his colleagues found the type of pharmacy affected the price variation. The average price for levofloxacin at an independent pharmacy or purchased with a GoodRx coupon cost less than half the price quoted at a big-box store and less than one fourth the discounted price at a chain drug store.

Overall, the average price difference between the highest and lowest-cost pharmacies in a ZIP code was more than \$100 for levofloxacin and \$30 for azithromycin.

"When physicians learn about the magnitude of price variation they will be stunned," said co-author Sanjay Arora, a physician and associate professor of clinical emergency medicine at the Keck School of Medicine of USC. "When a patient says they could not afford a prescription medication, we assume it is just an expensive medication when in fact they may have just gone to an expensive retail outlet."

With such wide variations in prices, price-shopping for prescription

medications can yield considerable cost savings. "The extent of price variation within a market is an implicit measure of the benefit of price shopping," Joyce said.

Though policymakers have latched on to the idea of consumer-driven health care as a way to reduce rising costs, in practice it has proven challenging to realize. This is due in part to the lack of transparency in pricing medical services as well as the challenge of assessing quality.

In terms of quality, prescription drugs are much easier to understand—consumers know that no matter where they fill their prescription, they are going to get the same medicine.

"The wide variation in prices shows that pharmacies are exploiting the fact that sick patients do not have the time to shop around for their drugs," said Neeraj Sood, a co-author on the study and professor at the USC Price School of Public Policy and director of research at the USC Schaeffer Center. "Our study suggests that consumers can do two things to save money: Shop online at websites like GoodRx or go to your local independent pharmacist."

Though the uninsured rate has improved with the passage of the Affordable Care Act, many individuals still pay the cash price for their prescription drugs. This includes more than 32 million consumers who remain uninsured as well as the increasing number of individuals who have high-deductible plans with limited prescription benefits.

The study found that the amount of money that consumers could save is no small sum, especially for low-income consumers who are also more likely to be uninsured or in high-deductible plans.

"Education on this issue should become part of routine discharge planning," Arora said.

Policies that encourage greater price transparency as well as campaigns to educate consumers about the potential for price variation would go a long way towards reducing this sort of excess spending, the researchers said.

Sophie Terp, assistant professor at the Keck School of Medicine, also co-authored the study.

In a related but separate study released on Aug. 7, experts from the USC Leonard D. Schaeffer Center for Health Policy and Economics and Harvard Medical School found that few Americans actively seek out-of-pocket price information before receiving care, according to study released Monday in the journal *Health Affairs*.

"Despite high out of pocket costs, Americans are not shopping for health care," said Neeraj Sood, senior author of the study, director of research at the USC Schaeffer Center and vice dean for research at the USC Price School of Public Policy. "Consumers need to start shopping to put downward pressure on health care [prices](#) and make markets more competitive."

Based on a survey of 3,000 adults who received medical care in the previous 12 months, the researchers found:

- Fewer than 1 in 7 patients had sought out-of-pocket cost information before their visit.
- Three-quarters of those surveyed said out-of-pocket costs are an important factor when choosing a health care provider. The same fraction agreed or strongly agreed that encouraging patients to compare costs and quality of medical services when they choose a [health care provider](#) would be good thing.
- Most did not think that more expensive providers gave better quality care. However, just 13 percent attempted to find out what

their out-of-pocket cost would be before the visit. Furthermore, only 10 percent of respondents considered going to another provider and just 3 percent compared costs among providers.

"Consumers are just not using online price shopping tools for [health](#) care. These tools still lack functionality that price shopping websites for other products such as airline tickets have had for decades", said Sood.

In addition, an established relationship with a provider was a strong incentive to not comparison shop.

Provided by University of Southern California

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