Medical Xpress

# Dispensing prescription drugs in 3-month supplies reduces drug costs by a third

November 20 2009

"The use of three-month supplies of prescription drugs is now confirmed as a potent method that doctors, patients and third-party payers can use to help bring down health care costs," said G. Caleb Alexander, M.D., M.S., assistant professor of medicine at the University of Chicago Medical Center. Credit: University of Chicago Medical Center

Purchasing prescription drugs in a three-month supply rather than a one-month supply has long been regarded as a way to reduce the cost of drugs for patients and third-party payers. New research from the University of Chicago quantifies the savings for the first time.

An analysis of 26,852 prescriptions filled for 395 different drugs from 2000-2005 showed that patients who purchased their drugs in three-month supplies rather than with one-month supplies saved on average

29% in out-of-pocket costs. After factoring in third-party payers, including Medicare, Medicaid and insurance companies, total savings averaged 18%.

"These savings may not seem large to some, but they could help trim the cost of health care, which is especially important given the nationwide debate about how to finance health care reform," said G. Caleb Alexander, MD, MS, Assistant Professor of Medicine at the University of Chicago Medical Center and senior author of the study, which will be published in print November 20, 2009, in *Applied Health Economics & Health Policy*.

Although prescription drug costs represent only about 10% of the nation's total health care bill, they are one of the fastest growing sectors and affect a large proportion of patients.

"No matter what any health care reform package looks like, millions of Americans are burdened by prescription drugs costs, and this is one important way to help relieve that burden," Alexander said. "Other methods to lower prescription drug costs include substituting generic drugs for brand-name drugs and discontinuing non-essential medicines."

The drugs in this study were limited to those that were prescribed for common chronic conditions, including high cholesterol, hypertension, hypothyroidism and depression. Only patients who received both a one-month supply and a three-month supply during the same year in the same dose and quantity were included in the main analyses.

Forty-four percent of the prescriptions examined were dispensed in three-month supplies; the remainder were dispensed in one-month supplies. "This indicates that there is a significant amount of cost savings yet to be realized by converting from one-month supplies to three-month supplies," Alexander said.

The average monthly out-of-pocket cost for a one-month supply was $20.44 compared with $15.10 for a three-month supply yielding a 29% savings after adjustment for potential confounders. The corresponding numbers for the average monthly total costs were $42.72 and $37.95, respectively, yielding an 18% savings after adjustment for potential confounders.

If all the drugs in the study had been provided as three-month supplies, the out-of-pocket savings would have amounted to an estimated $148.6 million. Total savings would have amounted to $245.1 million. All figures are in 2005 dollars.

Patients' sex, race, level of education and number of chronic conditions did not seem to predict who was most likely to fill a 3-month supply, Alexander said. "We were surprised to find that there were no substantial systematic differences in the characteristics of individuals filling one-month and three-month supplies."

"Patients who are paying a lot each month for medicines—especially to treat chronic conditions—should investigate whether they can save money by using a three-month supply," he said. "Physicians need to keep this in mind as a potent way to help patients afford their medications."

Source: University of Chicago Medical Center

Citation: Dispensing prescription drugs in 3-month supplies reduces drug costs by a third (2009, November 20) retrieved 24 April 2024 from
https://medicalxpress.com/news/2009-11-prescription-drugs-month-drug.html

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