Patients with VA coverage less likely than other insured Americans to skip medication

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The rising price of prescription drugs has led to a slew of proposals to lower costs and expand access to medications. However, a new study from researchers at Harvard Medical School and the City University of New York at Hunter College suggests that an effective reform model already exists: the pharmacy benefit of the Veterans Health Administration, commonly known as the VA. Researchers found that VA patients are significantly less likely than other insured Americans to go without needed medications, skip doses, or delay filling prescriptions because they are unable to afford them. The study found that VA coverage also reduced racial and economic disparities in prescription drug access.

The VA buys drugs at relatively low cost by using a combination of regulations, bargaining with drug companies to reduce wholesale prices, and utilizing a national formulary. The VA can then afford to provide drugs to veterans with low—or no—patient copays. The investigators assessed whether this benefit design lowered "cost-related medication non-adherence" by analyzing national health surveys conducted from 2014 to 2017. Although VA enrollees were older, sicker, and poorer than other insured Americans, fewer (6.1% of enrollees) reported that costs caused them to go without any medication in the course of a year—compared to 10.9% of non-VA patients. The differences were even larger among patients with serious conditions like heart disease (6.1% vs. 14.4%) and chronic lung disease (6.4% vs. 19.9%).

"We face a crisis in drug affordability," noted senior author Dr. Danny

McCormick, associate professor of medicine at Harvard Medical School and a primary care physician. "High copays and deductibles are forcing patients to skip their medications—even for serious illnesses like heart disease or lung disease—putting their health, and even their life at risk. The VA shows that there is a better way."

Previous studies suggest that drug costs would be lower for Medicare if it were allowed to negotiate prices directly with drug companies and use a national formulary, as does the VA. Currently, Medicare's drug benefits are only available through private plans, which often impose copays, deductibles, and co-insurance for drugs that can add up to thousands of dollars annually. VA enrollees instead pay at most $11 per prescription, and often less. The researchers found that while the VA prevented patients overall from skipping medications due to costs, it was especially beneficial for minority veterans and those with lower incomes.

"Our findings have important implications for the debate about the affordability of health reform," noted Dr. Steffie Woolhandler, distinguished professor at the City University of New York's Hunter College and lecturer (formerly professor) in Medicine at Harvard Medical School. "Both the House and Senate Medicare-for-All bills would borrow tools from the VA to cut drug costs, including price negotiations and a formulary. These steps could allow all Americans to afford their medications without burdensome copayments or deductibles," she added.

Dr. Adam Gaffney, a pulmonary and critical care physician at Harvard Medical School, noted that while a VA-like drug benefit model could save money, it could also improve patients' health. "Today, we have better drugs—more ways to help our patients—than ever before. But these drugs offer no help to patients who can't afford to take them. By reforming how we pay for prescription medications, we can improve health outcomes, while bringing our drug spending in line with that of

other rich nations."

More information: "The Effect Of Veterans Health Administration Coverage On Cost-Related Medication Nonadherence," by Adam Gaffney, MD, MPH; David H. Bor, MD; David U. Himmelstein, MD; Steffie Woolhandler, MD, MPH; and Danny McCormick, MD, MPH. *Health Affairs*, published online ahead of print January 6, 2020. DOI: 10.1377/hlthaff.2019.00481

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