Where can I find out about the cost of a medication?

As consumers, we don’t have any problem finding out the cost of different types of merchandise. It may be advertised, posted on a shelf next to a product, or listed on the item itself. A major exception is medication prices. Until recently, it was difficult for consumers to comparison shop for the best price for specific prescription medications. This has been changed by the Internet, and by large pharmacies who now advertise low cost generic prescriptions.

*Why are the costs of medications not publicized?*
It is unclear why manufacturers, as opposed to pharmacies, don’t openly present the costs of their medications, though this practice has been interpreted as a trade secret that favors manufacturers’ marketing and sales. It is well known that manufacturers sell medications at varying prices. Discounts are given to buyers of large volumes and also depending on how a medication is placed on the buyer’s formulary (preferred vs. non-preferred). Another practice is referred to as bundling, wherein the cost of a medication that is selling well may be lowered if the buyer gives preferences on the formulary to less popular or “me-too” drugs from the same manufacturer. To openly disclose a buyer’s cost of a medication may be a business disadvantage for the manufacturer.

*How much do the costs vary for the same medications?*
For consumers who have health insurance coverage, including prescription drug benefits, the cost of medications is less of an issue. Their medication cost is limited to the size of the co-payment which may vary between retail and mail service pharmacies. However, it should be consistent for retail pharmacies within the health plan’s network. For consumers without coverage, the total drug cost is a major consideration. For them, the comparison of prices becomes more meaningful.

A study published in Consumer Reports magazine in June 2008 found substantial variations in cost for the same medications among and between independent drugstores; drugstore chains; supermarkets; and mass merchandisers. When the total cost for four commonly used medications was compared, the difference between the highest and lowest total price among 11 such drug stores was 26 percent. There even were major differences within a
chain. The readers were asked in the Consumer Reports study to rate the level of service, and they favored independent drugstores, whose pharmacists got high marks for being accessible, easy to talk to, and knowledgeable.

**Where do I find good sources of cost information?**

On January 1, 2006, Medicare Part D became available for everyone eligible for Medicare to help cover the cost of drugs for seniors. The Department of Health and Human Services operates a Web site database that helps consumers choose among competing drug plans (www.medicare.gov/MedicareReform/drugbenefit.asp). Consumers enter their list of medications into the database, and a list of plans that cover their drugs is returned for comparison.

Major chain pharmacies provide pricing information on their Web sites. Many pharmacies also will quote medication costs over the telephone.

**What are the recommendations?**

In the next chapter, we address the question of how you can lower your medication costs. One of the recommendations is comparing medication prices in several stores in your area. This is particularly important if you are underinsured or have no insurance plan with prescription drug coverage. Comparison shopping using the Internet or telephone may result in substantial savings. You should also be aware that the out-of-pocket costs of prescription medications can change rapidly, and usually become higher.

**Key messages**

- Out-of-pocket medication costs can vary markedly.
- Medication cost information is available on the Internet and by telephone.
- Comparison shopping for brand-name prescription medications may result in substantial cost savings for those with no prescription drug coverage.