Do physicians consider cost when prescribing a medication?

The pharmaceutical marketplace is unique since the cost of a prescription is not openly displayed and the buyer (patient) rarely has to pay the full cost. The health plans cover most of the cost, though a small but increasingly larger amount, the co-payment, is the responsibility of the patients. This system does not stimulate cost-effective prescribing of medications, though efforts are underway to contain the rising costs of medications.

Are physicians cost conscious?
Several surveys reveal that most physicians do not know the cost of the medications they prescribe. One contributing factor is the lack of easily accessible sources with drug prices for prescribers. In addition, medication prices may vary from pharmacy to pharmacy and from month to month. Additionally, the importance of being cost-conscious is seldom emphasized to medical students during their training.

Many physicians routinely prescribe brand-name medications even when equivalent and less expensive medications are available. Their reasons for doing this might include supporting companies developing new medications or having a sense of loyalty to companies that support their continuing education, bring gifts, or offer generous fees for consulting and participating in promotional activities.

The loyalties to individual patients may be greater than those to society. Thus, they side with patients who want brand-name medications when much less expensive and equivalent treatment alternatives are available.

How can patients influence their physicians?
Patients who have no health insurance or a health policy with limited medication benefits should discuss their situation openly with their physicians. The options include prescribing low-cost generic medications, offering free medication samples (see Chapter 23), and restricting the use of non-essential medications (see Chapter 20).

The introduction of patient co-payments for prescription medications by health plans has made patients aware of their cost. These payments are typically tiered with the lowest co-payment for generic medications. The co-
Chapter 18 - Do physicians consider cost when prescribing a medication?
payments for brand-name medications may be differentiated with a lower cost for preferred (recommended) brand-name products and a higher cost for the non-preferred ones. The co-payment for a one-month supply is typically in the range of $5 to $10 for a generic, $20 to $30 for a preferred, and $45 to $60 for a non-preferred brand-name medication. For elderly patients and others taking multiple medications, these monthly co-payments add up. This burden is increased by a shift in health-care costs to consumers. Average co-payments increased by 67 percent from 2000 to 2007.

The cost advantage of taking generic medications is obvious. Thus, many patients now, often by necessity, discuss the burden of medication cost with their physicians. Today close to 70 percent of all medications sold in the U.S. are generic, which is a healthy development.

What are health plans doing to contain the costs of care?
The government and many health plans are now offering financial incentives to physicians who practice evidence-based medicine. Various pay-for-performance programs cover the use of well-documented, established medications that often are generic. For example, aspirin and generic beta-blockers are recommended for patients with coronary heart disease, including those who have suffered a heart attack.

Key messages

✓ The pharmaceutical market is unique since the buyer (the patient) pays only a small part of the medication cost.
✓ Physicians are typically unaware of a medication’s cost and they may prescribe brand-name medications even when equivalent and less-expensive generics are available.
✓ Some physicians may have loyalties to the pharmaceutical industry.
✓ Patients should be more proactive in discussing medication costs with physicians.
✓ Pay-for-performance programs tend to contain cost of care.