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Nearly One Quarter of Seniors Could Have Avoided Medicare "Doughnut Hole"

Analysis Uncovers Opportunity to Steer Clear of Prescription Coverage Gap and Cut Overall Medicare Part D Costs by 13 Percent Through Increased Use of Generic Drugs

ST. LOUIS, Apr 25, 2007 (BUSINESS WIRE) -- Express Scripts (ESRX) , a leading pharmacy benefit manager, today announced results of an analysis examining the 2006 prescription claims history of 220,000 non-low-income seniors with Medicare drug plans that have a standard coverage gap, "doughnut hole," of \$2,250. According to the report, 23 percent of the seniors who fell into the doughnut hole could have avoided doing so if they used available, lower-cost generic drugs instead of brand-name options.

A senior in the doughnut hole during 2006 typically paid considerably more of the drug cost from the \$2,250 total-cost point until the senior had spent \$3,600 of his or her own money. Express Scripts, which supports Medicare Part D and Medicare Advantage plans serving more than 644,000 seniors, presented the analysis today at its annual Outcomes Conference in St. Louis.

The analysis also found that greater use of generics, particularly to treat heart conditions, ulcers, depression, diabetes and inflammatory conditions (i.e., arthritis) could have cut total Medicare Part D spending costs by 13 percent.

Among the seniors in the analysis, 22 percent hit the doughnut hole and more than half of these (51 percent) had done so just seven months into the year (by August). Despite numbering less than a quarter of the seniors served by the plans in the analysis, "Medicare Doughnut Hole Seniors" accounted for 60 percent of total cost. Seniors who fell into the doughnut hole also lagged in overall generic utilization compared to seniors who did not (53 percent versus 67 percent respectively).

"Since the total cost of the drug, including the amount spent by the federal government and the patient's out-of-pocket expenses is calculated towards the \$2,250, using just two branded chronic medications instead of generic alternatives can put a senior in the doughnut hole," explained Rebecca Rabbitt, Express Scripts senior director for Medicare. "For example, annual average costs for a fully compliant beneficiary taking brand anti-cholesterol and ulcer drugs are \$1,046 and \$1,390 respectively, putting the patient into the doughnut hole."

Savings were calculated by examining the individual claims histories of each senior in the study to identify where substitution of a generic for a brand drug would have been clinically indicated. While plans distributed the monthly explanation of benefits, there were few additional initiatives to provide seniors with targeted and timely information on savings opportunities.

"Generic drugs clearly provide Medicare drug plans and consumers an excellent opportunity to save money which can be critical for seniors who often find themselves unable to afford their medications once they enter the doughnut hole." adds Rabbitt. "However, it is also very clear that seniors need more information and assistance to help them choose lower-cost

options in consultation with their physicians. Education is particularly important for this group as many do not understand the implications of the drug coverage gap until they have entered it."

Express Scripts is leveraging its success with consumer engagement in traditional pharmacy benefits to promote greater use of generic drugs. Within commercial pharmacy benefit plans in 2006, Express Scripts saved plan sponsors and patients \$126 million just through greater use of generic cholesterol-lowering drugs. By the end of the year, 40 percent of all cholesterol-lowering prescriptions at Express Scripts were for generic simvastatin, lovastatin and pravastatin, up from 8 percent at the beginning of 2006.

Contributing significantly to the company's success in this area is a comprehensive, multi-faceted consumer behavior change program that encourages patients to ask their physician about low-cost generic medication options available to treat high cholesterol. The program includes tailored communications and decision assistance timed for greatest relevance and ease of use. For example, in plans that adopted the program, utilization of generic cholesterol fighting drugs exceeded that of plans without the program by 24 percent. Express Scripts now offers plan sponsors a similar education program for use with Medicare beneficiaries.

About Express Scripts

Express Scripts, Inc. (ESRX) is one of the largest pharmacy benefit management (PBM) companies in North America, providing PBM services to more than 50 million patients through facilities in 13 states and Canada. Express Scripts serves thousands of client groups, including managed-care organizations, insurance carriers, third-party administrators, employers and union-sponsored benefit plans. Express Scripts is headquartered in St. Louis, Missouri. More information can be found at <http://www.express-scripts.com>.

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