‘No Rhyme or Reason:’ Prescription Drug Pricing in America

Dispatcher: 911, what’s your emergency?

Caller: America’s healthcare system is broken and people are dying! (ambulance siren)

Welcome to **Code WACK**!, where we shine a light on America’s callous healthcare system, how it hurts us and what we can do about it. I'm your host, **Brenda Gazzar.**

This time on Code WACK! Why do some Medicare recipients pay a lot more for their prescription drugs than others? How can seniors get the best prices for their prescription drugs without pulling their hair out? To find out, we spoke to **Steve Maas**, a freelance writer and retired Boston Globe editor. The Maryland resident is currently a volunteer for the **State Health Insurance Assistance (Program)** or SHIP program, a federal-state partnership that offers counseling on Medicare and Medicaid. Steve spoke to us about prescription drug pricing and Medicare Part D, which provides prescription drug coverage for Medicare recipients, on his own behalf and not on behalf of SHIP. This is the first of two pods with Steve Maas.

Welcome to Code WACK! Steve.

(00:58):

Maas: Thank you. Glad to be here.

(00:59):

Q: So tell us a little bit about yourself. Who are you and how did you become interested in the issue of health care and drug pricing?

(01:06):

Maas: I've been a journalist my entire career, most of it with newspapers and most of that with The Boston Globe. I took a buyout about, oh, it's getting on a dozen years ago. Since then, I've been a freelance writer. While I was at the Globe, I was a volunteer for a consumer advocacy agency. I've been interested in consumer affairs and I've also been interested in helping seniors. I volunteered as an ombudsman at a nursing home for about eight years, taking seniors' complaints and then about five years ago, I heard about the – it's called by various names across the country, the SHIP program is a common name and SHIP stands for State Health Insurance Assistance Program – a program for helping seniors choose their insurance plans. It's operated through senior centers. I volunteer in Massachusetts, even though I live in Maryland. We give unbiased guidance.

(01:55):

We are told not to recommend things. We want to present people with their options, and we take appointments year around by phone, in person, by Zoom. During the course of the year. It's primarily people new to Medicare, either they're turning 65 or else they're retiring. As long as you have employee insurance through yourself or your spouse, you do not need to go on Medicare and we're coming up on what's called open enrollment, which is Oct. 15th through Dec. 7th, and that's when everything changes and it's a very good idea for anybody on Medicare, whether they have Medicare Advantage or regular Medicare and a Part D drug plan to see if their plan is still the best. Because in my experience, about half the time people will see that they could get a better plan. It's not only a case with their drugs changing, it's a case of formularies changing and premiums changing. There's all sorts of ... I don't want to characterize it, but the things that the drug insurers can do that can make things more confusing.

(02:54):

Q: Yeah, we'll get more into that in a little bit. Thank you so much. In a recent article in The Washington Post, you wrote that pricing for prescription drugs is about as transparent as airline fares. Can you give us an example of what you meant by that?

(03:07):

Maas: Virtually any prescription drug, there's no real retail price. So you can go to CVS and they can tell you what their prices are, or Walgreens, and they'll all be different and if you want to use a drug coupon such as from, for example, GoodRx.com, it's a very common one. If you go on the internet, you can see these sites that will compare drug prices. You'll notice that you could put up a drug up there and see 30 different prices at different pharmacies. Each chain has a different price, and you can go from day to day and that price may change. So there's that variable. Then there's, if you're on a prescription drug plan, the copay could be something, a very basic drug like Atorvastatin, which is, I believe it's for cholesterol, that drug usually has a copay of $1 or nothing on a drug plan.

(03:54):

But it varies. If you go on GoodRx, it's a few dollars. It's a very inexpensive drug, but copays vary depending on the plan – and I'm talking now about a part D plan, a drug plan through Medicare. If you're on a plan that has a higher premium, you might pay lower copays, but not necessarily. It depends on the drug. There's really no sure way of knowing without looking at the Medicare Plan Finder – that's online and it's the only way to make the comparisons. There is really no other way and because people generally don't take just one drug, they take a basket of drugs, three or four drugs, you have to figure out what you put them all into the plan finder and it figures out which plan is best for you based on premiums and copays. So that plan may not give you the best price for Atorvastatin, but there may be some other medication on it that it's very good in covering and that makes up the difference.

(04:44):

So you're stuck on that plan. The copay may be $3 for Atorvastatin and you might be able to get it cheaper with a good RX coupon. This is what we're putting our seniors through and beyond that, if it's a drug that is a name brand drug, for example, which would be subject to a deductible, you've probably heard about deductibles, they're typically on a Medicare plan, they can be up to $480. Some Medicare plans, there's no deductibles, but you'll pay a hundred dollars a month for that plan. They'll get you one way or the other. But a drug like Atorvastatin is generic. It's been around for years. It's not subject to the deductible. So you pay the cheapest rate starting out. But if you're getting something like a Symbicort, like an asthma medication, or a special heart medication or anything that has no generic equivalent, you're going to have to meet the deductible, which is, in other words, pay whatever their negotiated retail price is.

(05:43):

And again, on one plan, the negotiated retail price could be $300 for medication on another, it could be a hundred dollars. There's no rhyme or reason. And you have to first meet the deductible. Then once you've met the deductible, the price will go down. Then there is, depending on how much you spend on drugs over the course of the year, you could enter the coverage gap, and at that point, all the drugs that you take are about 25% of the retail cost and if you are really in bad shape and you hit catastrophic, it's 5% the retail cost. So what I'm saying is the price of the drug could depend on what, where you are in the course of the year, what pharmacy you go to, what drug plan you belong to, whether you use a coupon or not, whether there's a full moon. It's really hard to say.

(06:34):

Q: Yeah. And I can imagine how difficult that is to navigate for seniors especially to, like, try and figure out the best deals. You know, they're largely on fixed incomes. That must be like a huge challenge and burden to try to navigate that.

(06:48):

Maas: It is, and what I constantly hear from people is 'why is this so confusing?' And, and I help people who range from college professors to teachers to, I was just on the phone with a retired cafeteria worker. I even helped people who were working with Blue Cross, they were in the back shop, they weren't working on the plans, but even insurance company retirees have trouble making sense of this. You know, even when you use the Plan Finder as I do, I know after five years of doing this, which drugs are not well covered by Medicare, by Part D, and it makes more sense to look at GoodRx or some other drug site and get a coupon.

Or you can also go to a foreign, a Canadian pharmacy or something. Technically that's illegal, but the government is not actively enforcing that. It's more concerned about illegal drugs and things like that being moved over and also, if you're using a foreign pharmacy, I would advise checking with your doctor. He may know he or she may know good pharmacies, but there could be considerable savings on that.

(07:51):

Q: Wow, that's so interesting. So let's say I have a prescription for my doctor and I want to get my medicines from Canada because it's cheaper. It will probably be cheaper even with the shipping if I get it from Canada?

(08:03):

Maas: Yes. And they're very easy to deal with. You either fax it or send them the scan, and you know, in my experience, I've not had any problems doing it. Like there is a skin medication called Clobetasol, which is a steroid cream, a skin cream, that on some drug plans is as much as $400. You can get it at Costco for $40. I've gotten it online from Canada for $25 for the exact same tube.

(08:27):

Q: Wow. Does that include shipping or no?

Maas: Yes.

Oh wow. <Laugh>. Yeah, that's definitely worth it.

(08:33):

Maas: Yeah. Generally it's a rule of thumb, if it's a generic, I would go to Good RX and get it from the United States. Clobetasol is a little different. If it's a high tier generic, you might get it cheaper in Canada, you know, it's pretty easy to do by using the web.

(08:47):

Q: Wow, amazing. Do you have any sense of like how common that is for people to get their prescriptions abroad?

(08:54):

Maas: No, I don't.

(08:55):

Q: Do you know anybody else that does that?

(08:57):

Maas: Yes. Yeah. And increasingly I've noticed clients are savvier and savvier. When I'm wearing my SHINE hat, that's the acronym for this program up in where I do my volunteering, I always have a caveat and saying, 'this is Steve talking not Steve the SHINE counselor,' because we cannot recommend going to Canada and you do want to make sure you get a legitimate pharmacy.

(09:17):

Q: Right, right. Good to know. Okay. Since Medicare Part D went into effect in 2006, Health and Human Services has been prohibited by Congress from negotiating the price of drugs. What is the impact of this on seniors?

(09:31):

Maas: Well, I think it's higher drug prices. First of all, if it was done on a national basis by the government, the government would have more clout in negotiating the prices. But the other concern I have is that depending on where you live in the country, you may have two dozen Part D plans to choose from and they're offered by, sometimes the same insurance company may have three different plans. It gets very confusing and the names all sound alike, but what they're doing is carving up the market into 24 segments.

Some of those plans may cover asthma medications better. Some of them may cover heart medications better. It depends, but they're carving up the market. And so the risk pool is divided 24 ways instead of one way. That reduces their clout and it also means that as an individual, whatever plan you get on might be suited to whatever drugs you're taking in fall, when you go through open enrollment. Diseases tend to not follow the calendar. So what if you're prescribed something in May and it's not on the formulary? Then you have to appeal to the drug insurer to either put it on the formulary or put it on a lower tier and they don't have to say yes.

(10:35):

Q: Right. And just to clarify a formulary is the list of drugs that your insurance will cover?

(10:40):

Maas: That's right. The different plans have different formularies. They have to by law cover all the various ailment classifications. We're all different biologically, each as individuals and a medication that may treat me well for asthma may not work for you.

(10:58):

Q: Right, right. That's a really good point. Do you have any stories you can share about the impact of seniors maybe that you've worked with or, or just that you know, you know, Congress not being able to negotiate the price of drugs and, and maybe the fallout of that on real people?

(11:13):

Maas: Well, I did mention that skin medication and, well, I've used it. I've used it before, but a friend of mine, a 90-year-old guy called me up and said, 'Steve, I just went to the pharmacy and they wanted to charge me $350 for this tube, this 45-gram tube of Clobetasol.' And I said 'that's crazy. I mean,you can get it for 30 or 40 bucks.' And in his case, you know, he was on an insurance plan that did not cover it well, but with a good RX coupon, he could find a way to get it cheaper. And he got it. I think he eventually got it at Costco for 40 bucks.

(11:48):

Q: Wow. Good thing he called you.

Maas: *Yeah.*

Q: Yeah. That's so interesting. I guess, I mean, it sounds like maybe some pharmacies and insurance companies are hoping or banking on the fact that you won't do your research and that you'll just pay the higher price.

(12:04):

Maas: That's right. Or I don't know what they're banking on. You know, when it comes to the pharmacist, they don't want the hassle of looking. They have so many different prices. If some of the pharmacy brands companies say that they will do checking for you. So if you don't like what the copay or insurance is charging, you can ask them, 'Can you see if there's something I can get with a coupon that's cheaper?' It's always worth asking that.

(12:25):

Q: Oh, really good to know. And generally they do that?

(12:27):

Maas: It depends on how busy they are and you know, but yeah, hopefully they will do that. If a product is not on the formulary, like the Clobetasol I mentioned to you, that could be like a couple of hundred. I just a ridiculous price thrown out there. It's, it's like, you know, when you go to a hotel and there's a room rack rate, you see it on the back of the front of the door and it has this ridiculous price for the room that nobody pays. You know, if you're completely ignorant, you could end up paying something like that. I shouldn't say ignorant if you're just, because how many, how are people supposed to know that?

(12:57):

Q: Yeah, exactly. Exactly. So what are your thoughts on allowing Medicare to negotiate prices directly with pharmaceutical companies?

(13:04):

Maas: No, I'd like to see Medicare do that. I mean, under the new law, the Inflation Reduction Act, they will start doing so I believe in 2025 or 26, it's not gonna happen immediately. And it'll only be for 10 drugs. Now they're gonna look at the most commonly used drugs – brand name drugs – but only 10. And I think by the end of the decade it'll be up to 20 or 25. But I, I think it is a good idea, you know, for the reasons I said earlier about the greater risk pool and having greater bargaining power, and also to get us out of this trap where people choose their drug plan and they're basically stuck for the rest of the year with that drug plan. There are provisions for people with low to moderate income to change drug plans one time outside of open enrollment so it's always worth checking with a SHIP or SHINE volunteer, whatever they're called. And, and again, just call your local senior center and you can make an appointment. There are other ways to get the drugs cheaper. I mean there may be, excuse me.

(14:03):

In some states or counties, they offer these ship volunteers through other agencies that serve seniors. You can Google ship volunteers for your state and county to find out how to contact them.

(14:14):

Q: What other solutions besides allowing Medicare to negotiate prices directly with pharmaceutical companies do you support?

(14:21):

Maas: Well, one thing that I've often wondered about is the FDA is charged with approving new drugs. And they have a pretty good, they basically approve drugs if they're not going to cause any harm and they do what they say they're going to do. But the scientists of the FDA have a pretty good idea of the efficacy of one drug over another. And typically what happens when a brand name drug, you know, loses its patent, you know, after 15 years or whatever it is, the generics start popping up and so what the brand name drug does is it tweaks the formula so that it gets a patent again. And there seems to be this enormous knowledge bank at the FDA that could talk about the efficacies of these different medications and I don't know why the government doesn't tap into that. From a pharmaceutical company's perspective. I certainly know

why they don't want the government to comment on that. But in other countries, the governments negotiate the drug prices and one of the things they use as leverage is, you know, we can approve your drug or we can approve...there are competing drugs that do pretty much the same thing and they determine the efficacy of these drugs and that's part of their decision making. I would love to see that happen. I don't imagine it will, and I don't have any idea of the bureaucratic process that that would take.

(15:33):

Q: What are your thoughts on Medicare for All?

(15:36):

Maas: Ideally? I think it would get rid of a lot of middlemen. It's crazy that doctors have to employ several people to just, by the way, everything I'm saying to you is my opinion. It's not SHINE or SHIP. But I think (Medicare for All) would simplify things. It would reduce costs. It would mean the risk pool is the entire country instead of divied up. And I believe that like public schools, which are a shared burden, or the fire department or police department, health should be a shared burden and some of us are lucky and have good genes. Others aren't other, you know, there's so much in health happens by chance.

(16:15):

Q: Right, right. And what do you think it would do then in terms of drug prices?

(16:19):

Maas: Well, again, it would be the government negotiating the prices, so potentially it could bring them down.

(16:30):

Thank you, Steve Maas. Check out our next pod with Steve for more on drug prices.

Do you have a personal story you'd like to share about our 'wack' healthcare system? Contact us through our website at heal-ca.org.

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