

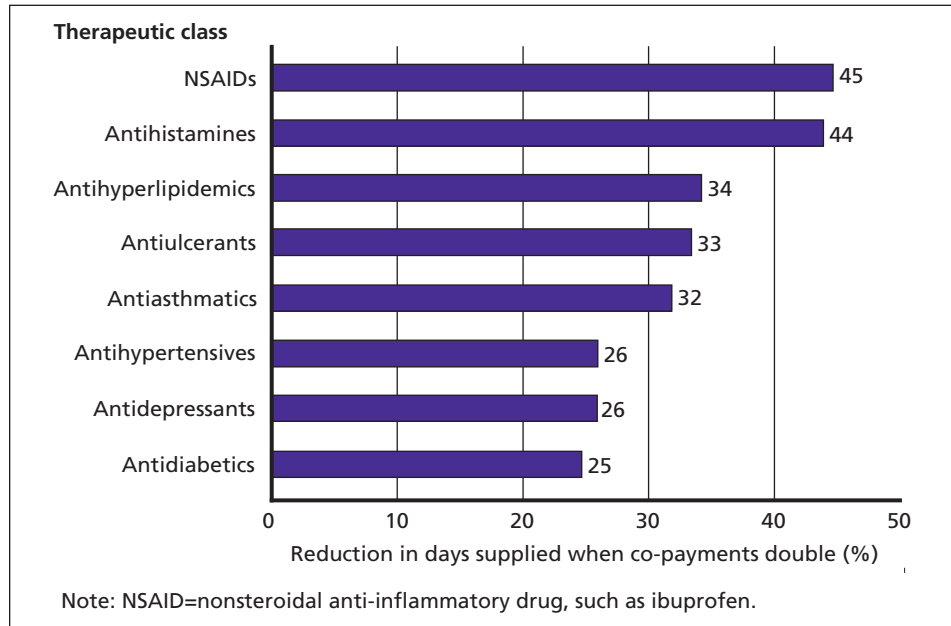
How Cost Sharing Affects Use of Drugs by the Chronically Ill

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Many health plans are raising beneficiaries' co-payments for drugs to discourage use of more-expensive pharmaceuticals and to reduce overall spending on drugs. How does cost sharing affect drug use? A RAND Corporation team linked pharmacy claims data with health plan benefit designs from 30 employers and 52 health plans. The study included nearly 530,000 privately insured beneficiaries aged 18–64 years.

The figure shows how doubling co-payments affects use of the ten most common therapeutic classes of drugs in terms of dollars spent in 2000.

Co-Payments Can Have a Large Effect on Service Use—including Prescription Drugs



- Doubling patients' co-payments for drugs can reduce their use of the most common classes of medications by 25 to 45 percent.
- The patients most sensitive to price changes are those who were taking long-term medications but were not receiving regular care for their conditions.
- Even the chronically ill who are receiving routine care cut their drug use between 8 and 23 percent when their co-payments are doubled.
- Significant increases in co-payments raise concerns about adverse health consequences, especially among diabetes patients.

This fact sheet is based on Goldman DP, Joyce GF, Escarce JJ, Pace JE, Solomon MD, Laouri M, Landsman PB, and Teutsch SM, "Pharmacy Benefits and the Use of Drugs by the Chronically Ill," *Journal of the American Medical Association*, Vol. 291, No. 19, May 18, 2004, pp. 2344–2350.

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