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Higher Out-of-Pocket Costs Cause Massive Non-Compliance in the Use of Prescription Drugs, and This Is Likely to Grow

The sicker people are, and the more drugs they need, the more likely they are to be non-compliant

One of the biggest changes in the American health care system over the last few years has been the rapid increase in out-of-pocket costs for prescription drugs. This trend will surely continue for the next few years, and it may even accelerate. All of the following are contributing to the rapidly rising out-of-pocket costs of medication:

- The introduction of new, often better, drugs which are substantially more expensive than those used previously.
- Changes in health plans and drug coverage, with large increases in co-pays, deductibles and co-insurance, designed to control rapidly growing health care costs.
- Increases in utilization driven partly by the introduction of new drugs and partly by direct-to-consumer advertising.
- Increases in the prices of drugs already available.
- The increased use of tiered formularies with large co-pays for drugs in the higher tiers.

A new Harris Interactive survey shows that as a direct result of the high out-of-pocket cost of drugs, many millions of people do not ask doctors for the prescriptions they need, do not fill the prescriptions they are given, use lower doses of drugs than those prescribed and take their drugs less often than they should. The higher people's out-of-pocket costs for drugs, the more likely they are to be non-compliant. **Furthermore, non-compliance is much worse among people in only fair or poor health – the people who need the drugs the most – than among those in good health.**

We are not talking about small numbers here. Non-compliance has become a massive and widespread problem, and given the big increases in cost-sharing in many health plans that are coming in 2003 and 2004, it seems very likely that non-compliance will get much worse over the next few years.

Consider these numbers for four different things people do, or don't do, because of the out-of-pocket costs of prescription drugs.

Not asking for prescriptions because of the cost

While 18% of all adults have done this in the last twelve months, this proportion rises to fully 41% of those with out-of-pocket costs* of \$151 or more per month, and 33% of those in only fair or poor health.

Not filling a prescription because of the cost

More than one in five (22%) of all adults did this in the last year, and this rises to 46% of those with out-of-pocket costs* of \$151 or more per month, and 41% of those in only fair or poor health.

*Defined as the cost to consumers if they took all the prescription drugs they should take.

Using a lower dose to make a prescription last longer

While 15% of all adults did this in the last year, this rises to 48% of those with out-of-pocket costs* of \$151 or more per month, and 29% of those in only fair or poor health.

Using a drug less often than prescribed to make it last longer

While 18% of all adults did this in the last twelve months, it was fully 46% of those with out-of-pocket costs* of \$151 or more per month, and 37% of those in fair or poor health, who used their drugs less to make them last longer.

*Defined as the cost to consumers if they took all the prescription drugs they should take.

TABLE 1

Four Different Types of Non-Compliance Are All Much Higher for Those Who Need Drugs the Most

“Over the last twelve months, has there been a time when you...?”

	Base: All Adults	Have Condition for Which Take Regular Medication	Monthly Out-of-Pocket Cost* of Drugs				Health Status	
			\$0 - \$20	\$21 - \$50	\$51 - \$150	\$151 or More	Excellent/ Very Good (Net)	Fair/ Poor (Net)
	%	%	%	%	%	%	%	
Did not ask your doctor for a prescription because of the cost	18	23	9	11	30	41	12	33
Did not fill a prescription a doctor gave you because of the cost	22	30	5	20	42	46	13	41
Used a lower dose of prescription to make it last longer, because of the cost	15	21	-	5	30	48	8	29
Used a prescription drug less often than prescribed because of the cost	18	25	4	7	34	46	11	37

TABLE 2

Those Taking Regular Medication (34% of all Adults)

Base: All Adults

	%
\$0 - \$20 per month	6
\$21 - \$50 per month	7
\$51 - \$150 per month	10
More than \$150	11
Total	34

These are the results of a nationwide Harris Interactive survey of 1,010 adults conducted by telephone between November 14 and 18, 2002.

The magnitude of non-compliance revealed in this survey, and the near certainty that it will get much worse over the next few years as consumer cost-sharing rises, raise several very serious questions:

- **What is the health impact of this non-compliance?** It seems probable that if people are not taking the medications they need to control their blood pressure, their cholesterol, their diabetes or their arthritis (to name just four very common conditions) that the impact of non-compliance is very serious and will lead to significantly higher levels of mortality and morbidity.
- **What is the impact of this non-compliance on costs?** While there are obviously large short-term savings when people do not consume the drugs they need, the longer-term impact may be increased costs as more people become seriously ill, are hospitalized and require expensive medical care, which would not have been needed if they had been compliant.
- **Have pharmaceutical companies made a mistake in resisting a generous Medicare drug benefit?** The pharmaceutical industry has always feared, and usually opposed, a Medicare drug benefit because it believed, quite reasonably, that if the government were to pay for drugs, it would seek to contain spending through some form of price controls. This is true in almost all foreign countries. However, as Uwe Reinhardt, renowned health economist at Princeton University, and others have pointed out, *profits = volume x margin*, and higher volumes can make up for lower prices.

These data suggest that the industry is now losing billions of dollars in sales because of non-compliance, and that these lost sales will grow rapidly. There may well come a time when the industry decides that higher volume at lower margins (and prices which would make them less vulnerable to attacks for “price gouging”) would be good for their business.

Methodology

This survey was conducted by telephone within the United States between November 14 and 18, 2002, among a nationwide cross section of 1,010 adults (ages 18+). Figures for age, sex, race, education, number of adults and number of voice/telephone lines in the household were weighted where necessary to align them with their actual proportions in the population.

In theory, with a probability sample of this size, one can say with 95 percent certainty that the results have a statistical precision of plus or minus 3 percentage points of what they would be if the entire adult population had been polled with complete accuracy. Unfortunately, there are several other possible sources of error in all polls or surveys that are probably more serious than theoretical calculations of sampling error. They include refusals to be interviewed (non-response), question wording and question order, interviewer bias, weighting by demographic control data and screening (e.g., for likely voters). It is impossible to quantify the errors that may result from these factors.

These statements conform to the principles of disclosure of the National Council on Public Polls.

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