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One Reason Why the Costs of Medical Care and Prescription Drugs Are Under Scrutiny

Most Americans expect things to be cheaper or no more expensive in this country than in Europe; health care is seen as a big exception

Why are so many people so upset about health care costs? There are clearly several reasons. Consumers, employers and taxpayers are all being hit by annual increases in total and out-of-pocket costs. Health care costs are a big issue in employer-union negotiations. For the last several years, Harris Interactive has reported substantial increases in non-compliance as co-pays have increased. And there is evidence that it is the **rate of increase** of consumer out-of-pocket costs, employer costs and government spending that gets people's attention rather than the absolute amounts.

A new survey by Harris Interactive suggests there may be one other factor. Americans don't expect things to be much more expensive here than they are abroad. However, majorities of all adults now believe that prescription drugs (58%) and medical care (55%) are more expensive here than in Europe. These numbers are starkly different from the small numbers who think that gasoline (14%), food (11%), clothes (14%), computers (11%), automobiles (21%) or cameras (16%) are more expensive here than in Europe.

Of course, these numbers are not just perceptions – they reflect reality. Prescription drugs and medical care **do** cost much more in the United States whether you consider the total price or the out-of-pocket costs. Many other goods and services are less expensive here.

What is relevant to the debate about health care costs is that many people are aware that medical care and prescription drugs do cost more here while most other things do not. In other words, **they see health care as an exception to their general expectation that prices in America should be lower, or no more expensive, than prices abroad.**

While this perception is generally accurate, two other findings here are worth noting:

- Over 40% of all adults are not aware (yet?) that medical care (45%) and prescription drugs (42%) cost more here; and
- Less than 40% are aware that drug prices (39%) and medical care (37%) are “much more expensive” here.

As the issues of health care costs in general and prescription drugs in particular continue to be discussed, as they will be in this election year, the number of people who know that health care (and especially drug costs) are actually much higher here is likely to increase. This will not be good news for the pharmaceutical industry.

What's Ahead in Health Care News?

During this year, Harris Interactive and IMS Health will launch a global physician poll that provides insights on the perspectives and experiences of physicians in the U.S., U.K., France, Germany, Italy and Spain. Look for results in upcoming issues of the Harris Interactive *Health Care News*.

TABLE 1

Perceptions Of What Is Cheaper And What Is More Expensive In U.S.A. vs. Europe

“How do you think the prices of each of these items in the United States compare with the prices in Europe?”

Base: All Adults

		Much Cheaper Here	Some-what Cheaper Here	About The Same	Some-what More Expensive Here	Much More Expensive Here	Not Sure	Cheaper Here	More Expensive Here
Gasoline	%	33	20	7	6	8	26	54	14
Food	%	12	26	19	8	4	31	38	11
Clothes	%	9	21	24	9	4	33	30	14
Computers	%	9	19	21	7	3	40	28	11
Automobiles	%	9	17	17	14	7	36	26	21
Cameras	%	5	14	25	11	6	40	18	16
Medical care	%	4	6	5	18	37	30	10	55
Prescription drugs	%	3	4	5	19	39	29	7	58

Seniors Are More Aware Of Price Differentials

One other important political finding is that people over 65 are much more aware of the price differentials for drugs and medical care than are people who are younger. Older people are more likely to vote than younger people and to vote on health care issues. Over two-thirds (70%) of seniors know that prescription drugs cost more here than in Europe, and 49% know that they cost much more here.

TABLE 2

Perceptions Of People 65 And Older Of What Are More Expensive In U.S.A. vs. Europe

“How do you think the prices of each of these items in the United States compare with the prices in Europe?”

Base: People 65 and older

		Much Cheaper Here	Some-what Cheaper Here	About The Same	Some-what More Expensive Here	Much More Expensive Here	Not Sure	Cheaper Here	More Expensive Here
Gasoline	%	45	32	5	1	7	10	76	9
Food	%	18	30	22	10	*	20	48	10
Clothes	%	15	29	28	9	-	18	44	9
Computers	%	12	19	30	8	-	31	31	8
Automobiles	%	16	21	21	15	4	22	37	19
Cameras	%	6	9	39	13	3	30	15	16
Medical care	%	3	14	-	26	40	17	17	66
Prescription drugs	%	7	5	1	21	49	17	12	70

*Less than 0.5%

Downloadable PDFs of the Harris Interactive Health Care News are available at http://www.harrisinteractive.com/news/newsletters_healthcare.asp

Methodology

This research was conducted online within the United States between January 19 and 28, 2004 among a nationwide cross section of 3,778 adults. Figures for age, sex, race, education and number of adults in the household were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

In theory, with probability samples of this size, one could say with 95 percent certainty that the results have a statistical precision of plus or minus three 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, and weighting. It is impossible to quantify the errors that may result from these factors. This online sample was not a probability sample.

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

About Harris Interactive®

Harris Interactive (www.harrisinteractive.com) is a worldwide market research and consulting firm best known for *The Harris Poll*®, and for pioneering the Internet method to conduct scientifically accurate market research. Headquartered in Rochester, New York, U.S.A., Harris Interactive combines proprietary methodologies and technology with expertise in predictive, custom and strategic research. The Company conducts international research through wholly owned subsidiaries—London-based **HI Europe** (www.hieurope.com) and Tokyo-based **Harris Interactive Japan**—as well as through the Harris Interactive Global Network of local market- and opinion-research firms, and various U.S. offices. EOE M/F/D/V

To become a member of the Harris Poll OnlineSM and be invited to participate in future online surveys, visit www.harrispollonline.com.

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