

Requests for brand name over generic prescription drugs cost the Medicare program \$1.7 billion in a single year

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The Medicare Part D program would have saved \$977 million in a single year if all branded prescription drugs requested by prescribing clinicians

had been substituted by a generic option, according to a new study by researchers at the Johns Hopkins Bloomberg School of Public Health. And if Medicare patients had requested generic drugs instead of brand name drugs, the Medicare Part D program would have saved an additional \$673 million in one year, for a total savings of \$1.7 billion.

Medicare Part D offers supplemental outpatient [drug](#) coverage plans for seniors age 65 and older and people receiving disability benefits, and accounts for approximately one-third of total prescription drug spending in the U.S.

Despite laws in all 50 states and the District of Columbia promoting generic drug dispensing, the study found that in 2017 under the Medicare Part D program, prescribing clinicians and patients together requested [brand](#) name prescription drugs over generics 30 percent of the time when a brand name drug was dispensed.

Among the 169 million filled prescriptions analyzed in the study, 8.5 million involved dispensing a brand-name prescription drug when generics were available. Of these, 17 percent (1.4 million claims) involved the prescribing provider requesting a brand-name drug over a [generic version](#) and, in another 13.5 percent (1.1 million claims) patients requesting brand name drugs versus generic options.

The study will be published online March 2 in *JAMA Network Open*.

"Even with laws in place, requesting a brand name drug happens way more frequently than it should," says Gerard Anderson, Ph.D., professor in the Department of Health Policy and Management at the Bloomberg School. "This dispensing pattern results in exponentially higher costs for both the Medicare Part D program and patients."

For the study, the researchers analyzed Medicare Part D prescription

drug claims from 2017. The analysis drew from a random sample representing 20 percent of Medicare beneficiaries and 224 drugs that had at least one generic substitute and at least 1,000 claims. The researchers analyzed information from each claim, including the type of drug dispensed, Medicare Part D spending, and the patient out-of-pocket spending.

Medicare patients would also benefit by paying less for prescriptions drugs. The study found that Medicare patients would have saved \$161 million in 2017 if prescribing providers had requested generic drugs over brand name options. In addition, Medicare patients would have also saved \$109 million if patients had requested generic drugs over brand name options. In all, Medicare patients spent \$270 million more than necessary for prescriptions drugs in the year studied.

While branded prescription drug dispensing accounts for only 5 percent of Medicare Part D drug claims when both brand and generic drugs are available, these findings underscore how costly brand name drugs are to Medicare beneficiaries and the Medicare program.

Recent research has found that skepticism about generic medications is common among clinicians and patients. Surveys have found that more than one-third of patients reported a preference for branded products to generics, and 46 percent of patients asked their provider to prescribe a brand name drug over a generic.

The study also found that in 2017 the Medicare Part D program spent a total of \$4.42 billion on brand name prescription drugs where no specific drug selection was indicated by a clinician or pharmacist. The authors recommend that the Medicare program look into these open-ended [prescriptions](#), to see if it can reduce expenditures by encouraging opting for generic over brandname drugs when available.

The findings suggest that policies targeting both the clinician and the patient could have the greatest potential to promote [generic drug](#) use and therefore cost savings. Improving clinicians' perception of generic medication, raising awareness of the availability of generic drugs, and limiting direct pharmaceutical marketing can have substantial influence over the patients' medication preferences.

"Patients should always be mindful of the extra costs for themselves and for taxpayers associated with requesting a brand-name prescription drug," says Ge Bai, Ph.D., CPA, associate professor at the Johns Hopkins Carey Business School and in the Bloomberg School's Department of Health Policy and Management. "Prescribing clinicians can also play an important role in educating their patients on the safety and effectiveness of generic drugs."

More information: "Factors Associated with Prescriptions for Branded Medications in the Medicare Part D Program" *JAMA Network Open* (2021).

Provided by Johns Hopkins University Bloomberg School of Public Health

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