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BEFORE THE

U.S. SENATE SPECIAL COMMITTEE ON AGING

ON

**The Complex Web of Prescription Drug Prices, Part II:
Untangling the Web and Paths Forward**

March 7, 2019

Chairman Collins, Ranking Member Casey, Subcommittee Members, thank you for the opportunity to be here today to discuss the findings of our special investigation on the costs of drugs for seniors covered by Medicare Part D plans.

I speak to you today as a journalist who has had the honor of working for a decade on behalf of consumers at Consumer Reports. My work has focused on healthcare and prescription and over-the-counter medications, and specifically looking at the area of consumer drug costs.

Consumer Reports is an independent, nonprofit membership organization that works to create a fairer, safer, and healthier world. For 80 years, Consumer Reports has provided evidence-based product testing and ratings, rigorous research, hard-hitting investigative journalism, public education, and steadfast policy action on behalf of consumers' interests.

We do not accept advertising. Unconstrained by commercial influences, Consumer Reports has exposed landmark public health and safety issues and strives to be a catalyst for pro-consumer changes in the marketplace.

That's why, last summer when we noticed a small study from researchers at Yale School of Medicine¹ that suggested some drugs for consumers might be less expensive if a person didn't use their Medicare Part D coverage, we decided to take a closer

¹ Patrick Liu, BA; Sanket S. Dhruva, MD, MHS; Nilay D. Shah, PhD; Joseph S. Ross, MD, MHS. "Medicare Beneficiary Out-of-Pocket Costs for Cardiovascular Medications Available Through \$4 Discount Generic Drug Programs." *Annals of Int. Medicine Letters*. July 2018.

look. Our article was published in the January 2019 issue of Consumer Reports magazine.

With the help of Consumer Reports statisticians, we designed a secret shopper test to see what we would discover about Medicare Part D pricing and in doing so, help consumers make smarter decisions with their part D plans.

Consumer Reports often uses a “secret shopper” approach to gathering retail prices of prescription and over-the-counter medications.

So we gathered a list of five, common generic medications: the cholesterol-lowering drug atorvastatin (Lipitor), the painkiller celecoxib (Celebrex), the antidepressant duloxetine (Cymbalta), the diabetes drug pioglitazone (Actos), and the blood thinner clopidogrel (Plavix).

Again with the help of CR’s statisticians, we selected six, mid-sized cities across the U.S. to run our test: Seattle, Denver, Des Moines, Dallas, Pittsburgh, and Raleigh.

We chose a ZIP code in each that was near the city’s center.

We wanted to replicate what a consumer would experience when signing up in 2019 for Medicare Part D plan using the five sample drugs.

Using the Medicare Plan Finder Tool, located at Medicare.gov, in each ZIP code, we selected the three plans that the tool identified as having the least expensive retail drug costs for the year.

Then, we compared what a consumer would pay with the the three low-cost plans at two different pharmacies in that ZIP code.

We did not expect to find what we did. Originally, our focus was to test the idea that certain medications might be less expensive if you skipped using your Part D coverage.

Instead, we found that what a consumer could pay for their medications could vary by hundreds of dollars, depending on a number of factors, such as which pharmacy you chose. And worse, even small mistakes during the sign-up process could cost a consumer a tremendous amount of money.

Here are several examples of the price differences we found that were highlighted in our investigation,²:

1. If you accidentally forgot to enter one of your drugs into the Plan Finder tool, it could be costly. In Des Moines, the annual drug cost came to **\$407** through a plan called Cigna-HealthSpring Rx Secure-Essential. When a fifth drug was added, the cost jumped to **\$2,948** with the same plan. The drug we left off, generic Celebrex (celecoxib), is not on the formulary of

² "Want to Save Hundreds of Dollars Each Year? Choose the Right Medicare Part D Plan," Nov 2018. Available at: <https://www.consumerreports.org/drug-prices/medicare-part-d-drug-plan-save-hundreds-of-dollars-each-year-on-drugs/>

covered drugs for that plan, so the plan would charge a person \$212 each month for that medication.

In preparation for today's hearing, I looked up the retail price of generic Celebrex on GoodRx.com, a discount coupon website we often recommend people try if their drug is not well covered by their insurance plan. I personally found this drug for as little as \$16 for a one month's supply at Costco and \$6 at Kroger.

2. If a person just picked a pharmacy that is “convenient” they could spend a lot more money, even with the same plan.

In Denver, the total cost of our five drugs at independent Cherry Creek Pharmacy was \$688 through a SilverScript plan. About four miles away, at a Walgreens, the same five drugs with the same plan cost \$1,687, or \$999 more.

3. If a person selected a plan simply based on the deductible amount, they could overlook much cheaper plans. In Dallas, for example, one plan with a low \$100 deductible had the highest total annual costs of the plans we analyzed, at \$1,592. But another plan in the area with a \$415 deductible had a total annual cost of just \$574.

Our results helped us formulate consumer tips when signing up for a Part D plan. But at the heart of these tips were three specific consumer problems:

1. It's difficult to untangle how well a drug is covered by a Part D plan. I've included the PDFs we downloaded when we ran

the Part D plans in Denver^{3 4 5} so you can see what the consumer experience is like. In industry lingo, classifications such as “Generic” and “Preferred Generic” have real meanings, but to a consumer ensnared in this process, it means very little.

2. Having “Preferred Pharmacies” in each zip code could mean huge price differences for the same plan at different pharmacies. And, it was extremely difficult for us to discern exactly which pharmacies a plan considered “preferred” – in fact, on the plan comparison pages, [see the Denver results as an example] when a pharmacy is listed, there is no indicator – only a lower price. There is an indicator at the early-stages of the comparison process, but you quickly lose that once you begin to reconfigure the data in order to make more detailed comparisons.

3. Having “Preferred Pharmacies” could also mean a person’s favorite local pharmacy charges different amounts for the same drugs with different Part D plans. That’s also what we found in Denver. Someone filling prescriptions for the five drugs we looked at, plus paying a \$16 monthly premium, could pay as little as \$524 for a full year. But another person—at the same store with the same prescriptions but with a different plan—would pay \$1,686. Experts we talked with suggested that if a person had a favorite pharmacy, that consumers should ask the pharmacy which plans do they offer preferred pricing.

³ Medicare_Denver_Plan_Comparison.pdf

⁴ Monthly Cost Chart_Denver_Cherry_Creek.pdf

⁵ Monthly Cost Chart_Denver_Walgreens_2019

Besides the issues of consumer confusion when signing up for a Medicare Part D plan, and spending unnecessary money for prescription medication, we know from earlier nationally representative telephone surveys that older Americans are more at risk because they simply take more medications:

A 2016 Consumer Reports survey found that three-quarters of Americans 65 and older take an average of six prescription drugs.

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And, we learned that one-third of people 65 and older experienced drug cost hikes in the previous 12 months and paid an average of \$53 more for at least one of their drugs—though others may have increased as well.

More broadly speaking, we know that when Americans face higher drug costs, even just a few dollars at the pharmacy counter can mean changes to their household spending.

In 2018, in another CR nationally representative survey of 1,180 adults who currently take a medication,⁷ we found that when a person experienced an increase in the price of their medication, a third said they spent less on groceries in order to afford their medications; a third used their credit cards more often; 20 percent postponed paying other bills.

Twelve percent said they delayed retirement.

⁶ “Medicare Patients Struggle with Prescription Drug Prices,” Consumer Reports, June 21, 2016. Available at: <https://www.consumerreports.org/drugs/medicare-patients-struggle-with-prescription-prices/>

⁷ “How to Pay Less for Your Meds,” Consumer Reports, April 5, 2018. Available at: <https://www.consumerreports.org/drug-prices/how-to-pay-less-for-your-meds/>

It is clear from CR research and surveys how important it is for consumers to have clear, comparative, easy-to-understand information, and we are pleased the committee is looking at this issue.

Thank you again for the opportunity to testify on this important issue for consumers.