

Why aren't you shopping for lower prescription drug prices?

June 1 2016, by Matthew Perrone



In this Aug. 5, 2010, file photo, a pharmacy tech poses for a picture with prescription medication at a pharmacy in Edmond, Okla. More than a dozen websites and apps are vying to help U.S. consumers find the lowest prices for prescription drugs by comparing prices and searching for deals, similar to the way Expedia looks for cheap airfare or Bankrate.com looks for low mortgage rates. (AP Photo/Sue Ogrocki, File)

Most people don't shop for lower prescription drug prices. They should, especially now that there are easier ways to do so.

More than a dozen websites and apps are vying to help U.S. consumers find the lowest [prices](#) for prescription drugs by comparing prices and searching for deals, similar to the way Expedia looks for cheap airfare or Bankrate.com looks for low mortgage rates.

"Patients want to see a pharmacy that says 'every-day low prices,' but most pharmacies can't achieve that because the way prices are configured is pure mayhem" said Professor Darius Lakdawalla, a health economist at the University of Southern California. "That's why consumers need to know: 'Where can I get my beta blocker for the best price?'"

Recent studies show that more than one in five prescriptions in the U.S. go unfilled, in part due to financial hardship. Yet only 17 percent of U.S. consumers are willing to check multiple pharmacies for lower drug prices, according to a survey by Consumer Reports.

Q: What do these services do?

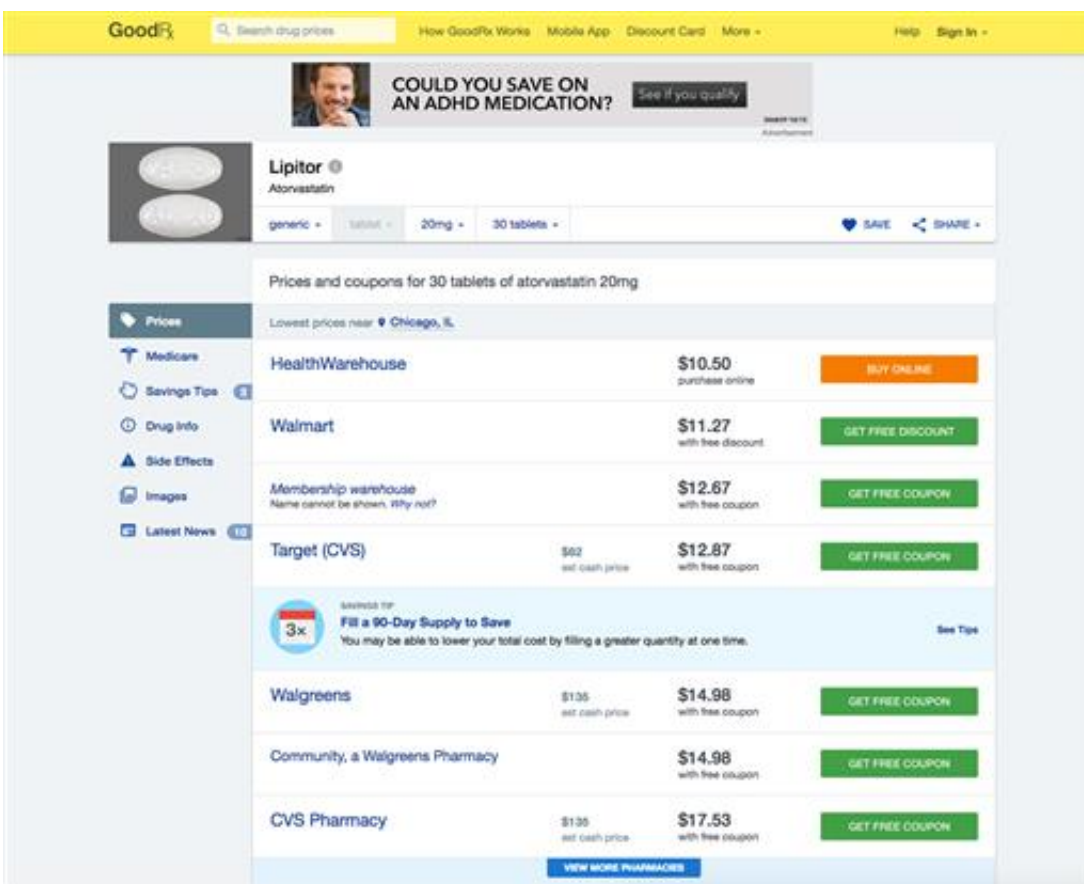
Websites and apps like GoodRx and WeRx are doing two basic things: searching local pharmacy prices and then applying various [discounts](#) and coupons available to customers. The search results will show, for example, that a 30-day supply of a common cholesterol drug is \$11 at Wal-Mart and \$13 at a Kroger pharmacy. In both cases the price is linked to a coupon which the app downloads so the customer can give it to the pharmacist.

The services are exploiting the complex, nearly-constant negotiations between pharmacies, drugmakers and pharmacy benefit managers that result in wide price disparities for commonly-used medications to find

the best deals available that day.

"We're trying to give you a baseline of information so that you can make the right decision," says Doug Hirsch, founder and CEO of GoodRx, the largest and oldest of the services.

GoodRx, founded in 2011, offers 25 million users access to discounts from pharmacies, drugmakers and pharmacy benefit managers. Newer services include BlinkHealth, which says it negotiates lower drug prices by pooling its users with customers of pharmacy benefit managers. Each of the companies claims to have the lowest prices available, so consumers may want to shop around.



This photo provided by GoodRx shows a screen grab of the GoodRx prescription page. More than a dozen websites and apps are vying to help U.S. consumers

find the lowest prices for prescription drugs by comparing prices and searching for deals, similar to the way Expedia looks for cheap airfare or Bankrate.com looks for low mortgage rates. (GoodRx via AP)

Q: Who stands to benefit most from these services?

Patients who are taking several generic drugs and have no insurance or high co-pays. Most of the largest savings to be had are for generic drugs, where competition between multiple manufacturers and pharmacies leads to a wide range of prices.

Discounts on newer, branded drugs are harder to find, since they are typically produced by one company that doesn't have to cut prices to compete. Still, services like GoodRx can link to drugmaker coupons that bring down the price of even high-end drugs like Humira, an injectable treatment for psoriasis. These coupons irk insurers because they entice patients to opt for the branded drug by making the out-of-pocket cost to the patient comparable to that of a generic—but they don't reduce the higher cost the insurer has to pay for the medication. Still, it helps patients reduce the amount of money leaving their wallets.

Some of the priciest drugs won't appear on pharmacy apps at all. Specialty cancer drugs like Avastin, for example, must be administered at a doctor's office and aren't available at the pharmacy.

Q: How do these discounts work with my health insurance?

They don't. The prices quoted by apps need to be paid by the consumer and can't be used to lower your co-pay. However, the services' cash prices are often less than patients' co-pays, especially for those in high-deductible health plans. For example, it may be cheaper to fill a \$4

prescription for a generic drug at Wal-Mart or Target than to use your insurance and pay a \$12 co-pay. In these cases, pharmacy apps simply direct customer traffic to long-standing offers at big-box stores. In other cases, the services provide a streamlined way of obtaining coupons and discounts that consumers would otherwise have to juggle on their own.

Q: So where do these discounts come from?

In some ways, pharmacy apps are just updating a decades-old business. Many of the offers found on GoodRx and similar services come from discount programs offered by prescription benefit managers like MedImpact and OptumRx. Those companies are best known for negotiating lower [drug prices](#) on behalf of large employers and insurers, but they also have separate businesses offering discount pharmacy cards to consumers who pay cash. The cards have been distributed through the mail, newspapers and magazines for more than 20 years. Pharmacies like the programs because they ensure a steady stream of cash-paying customers. And the card programs pocket a small percent of each transaction, a sort-of finder's fee. This is also one of the ways that the new services make money.

GoodRx pulls together discounts offered by six pharmacy benefit companies. Consumers who don't want to use the website or the app can send away for a GoodRx pharmacy discount card.

"The vast majority of Americans just don't know there are all these tools available and there's so much room to save if only they know how to take advantage of them," says GoodRx's Hirsch.

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