

## Brand drugs costing Mainers

● A study shows that a preference for brand names boosts employers' drug costs 18 percent in a year.

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A shift away from less-expensive generic drugs to newer and costlier brand names helped push up the cost of prescription medication in Maine from 1999 to 2000, according to a new study of 10 large businesses by the Maine Health Information Center.

The study showed that while the use of all prescription drugs increased only 6 percent, the overall cost

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Fifteen popular drugs, including Lipitor, contribute most to the increase. 14A

increased at twice that rate. Aside from price inflation, costs were driven by a preference for heavily advertised brand names such as Lipitor, used to reduce cholesterol levels, and Vioxx, prescribed for arthritis.

"You hear a lot of anecdotal talk about the role of advertising," said Jim Harnar, president of the Manchester-based data gathering organization. "Now you can see how that marketing is affecting people in Maine."

The study was done for 10 major employers who are members of the

Maine Health Management Coalition, a group of 32 businesses and health organizations with more than 90,000 workers. Members that took part in the study are: Lucas Tree, Hussey Seating, Hannaford Brothers, L.L. Bean, St. Mary's Regional Medical Center, State of Maine, Maine Municipal Association, University of Maine System, Maine Medical Center and Bowdoin College.

The study found that the employers' pharmacy costs increased 18 percent from 1999 to 2000. They spent a total of \$36.1 million on prescription drugs in 2000.

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## DRUGS

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During that period, the use of generics declined by 1 percent, while the use of brand-name medications increased by 9 percent. Generic drugs accounted for 28 percent of drug use, but only 9 percent of cost.

The findings are important for business because more than half of all Mainers get health insurance through work. Employers typically pay a portion of their workers' coverage, but these contributions have been eroded over the past three years by double-digit increases in premiums. Trends in the use of prescription drugs contribute to those hikes.

The study found that pharmacy costs account for 46 percent of the increase in employers' combined medical and pharmacy claims. It concluded that this increase was due in part to the increased use of newer, more expensive drugs and the

declining use of less expensive generics.

Many of the brand name drugs are being aggressively marketed directly to consumers through television and magazine advertising campaigns. Cholesterol reducers (Lipitor), arthritis pain relief (Vioxx, Enbrel, Celebrex), ulcer medication (Prevacid), anti-depressants (Celexa, Effexor-XR), and medications for Type II diabetes (Actos, Avandia) were found to be leading contributors to higher costs.

"It's just the wholesale use of the latest and greatest drugs," said Doug Libby, executive director of the Maine Health Management Coalition, which commissioned the study.

Libby stressed that some of these drugs may in fact be more effective, and that increased use can reflect new care guidelines that keep patients healthier, such as those concerning cholesterol levels.

Libby also noted that some health plans have limited the use of newer, costly medications, either requiring prior authorization from a doctor or

## COSTLY MEDICATIONS

A new study involving the health plans at 10 major employers in Maine identified 15 brand-name medications that contributed most to increases

in prescription drug costs. These 15 drugs accounted for roughly half of the overall increase, the study found.

1	Lipitor	Cholesterol reducing	9	Oxycontin	Arthritis and pain
2	Vioxx	Arthritis and pain	10	Avandia	Diabetes
3	Enbrel	Arthritis and pain	11	Effexor-XR	Antidepressants
4	Actos	Diabetes	12	Glucophage	Diabetes
5	Celebrex	Arthritis and pain	13	Allegra	Allergy and antihistamine
6	Prevacid	Ulcer and GERD	14	Singulair	Asthma and respiratory
7	Celexa	Antidepressants	15	Paxil	Antidepressants
8	Avonex	Multiple Sclerosis			

Source: Maine Health Information Center

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charging higher co-payments from patients seeking to use them. In some cases, he said, the drugs are simply not covered and patients who want them must pay out of pocket.

Harnar said the study would be

distributed soon to coalition members.

Based on the study, at least one employer is trying to encourage workers to use lower-cost generic drugs when alternatives are available

and medically appropriate.

Beginning this week, more than 40,000 current and retired state workers and their families will begin taking part in a new generic drug incentive program. Members can make a

\$10 co-pay for medically appropriate generics, or \$20 for a brand name, plus the cost difference between the two drugs.

The difference in the payment plans can be huge. In 2001, the average retail cost per generic prescription for state workers was \$14.66. The average cost per "non-preferred brands" was \$120.35.

Frank Johnson, executive director of the state of Maine's Employee Health Program, said the cost of providing prescription drugs increased 39 percent from 1998 to 2000, principally due to the high cost of brand-name drugs.

"Prescription drug costs continue to contribute to premium growth," Johnson said. "The database included in the study provides us with the information we needed to make plan changes that hopefully contain costs, while providing a valuable benefit for our members."

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