



Rising Costs for Branded Prescription Drugs Raises Americans Concerns

Level of Rx non-fulfillment continues to increase, according to Ipsos PharmTrends

May 12, 2004, New York, NY— Fueled by an aging population with increasing health needs, the number of prescriptions filled by Americans each year continues to grow, according to new findings from Ipsos PharmTrends®, a syndicated tracking study of consumer behavior by Ipsos, the global marketing research firm.

However, the rate of non-fulfillment for prescriptions received from physicians outpaces the growth in prescription drug expenditures or fulfillment by consumers. In 2003, 16 million (14.5%) households in the U.S. did not fill a prescription they received, an increase of 21% above 2002 levels, when 12.3% did not fill the physician-prescribed Rx.

"Pharmaceutical manufacturers have helped prolong life expectancy with the discovery of new drugs and the ability to prevent costly medical outcomes with active drug regimens for chronic, life-threatening conditions," said Fariba Zamaniyan, Vice President of Ipsos Health and spokesperson for PharmTrends. "The market for prescription drugs has grown exponentially in the past two decades with the widening breadth in treatment options and expanding rate of prevention for life-threatening events, such as heart attacks."

"The number of Americans whose prescription purchases are covered by drug insurance has increased, which also increases the number of people able to take advantage of drugs that can improve their quality of life," added Zamaniyan, "but for those without coverage or with inadequate coverage, rising prices continue to be an obstacle."

Of prescriptions filled in 2003, 85% were covered by drug insurance, while the remaining 15% were paid for at full price. This level of coverage is a significant increase from 1998 when 78% of the prescriptions filled by consumers were paid with an insurance co-payment (22% not covered).

Expanding insurance coverage over the past six years also applies to seniors (individuals aged 65 and over). However, the number of seniors with insurance to support payments for multiple prescription drugs is still much lower than average.

In 2003, 23% of seniors paid full price to fill their prescriptions, greater than the 15% of average Americans who did the same. Insurance coverage as well as the rate of non-fulfillment for prescriptions received is particularly evident among seniors whose annual household income is less than \$20,000 (29% did not have drug insurance to pay for their prescription in 2003; a decline from a high of 37% six years prior).

Similar to the average American, seniors 65+ reported inventory and cost as leading reasons for not filling their prescriptions. Not surprisingly, seniors with the inability to pay because of their income level (less than \$20,000 annually) report cost more often than the average.

Baby Boomers, on the other hand, have both the drug insurance coverage and a higher household income to pay for their Rx's, thus rate higher in fulfillment than the average. Thirty percent more Baby Boomers than the average have an annual household income greater than \$100,000, therefore fewer boomers have to worry about paying full price for their Rx's (11% did not have insurance coverage for the Rx's filled in 2003).

"Drug costs continue to be prohibitive for many Americans, particularly seniors," said Zamaniyan. "Rising health needs are a factor of aging and result in greater health-related expenditures. But for many seniors on a fixed or low income, the price of multiple treatments can be unaffordable."

"The highest levels of non-fulfillment are for branded drugs where no generic alternative is available," said Zamaniyan. "Prices of these drugs can be cost-prohibitive for some patients and non-fulfillment may cause their condition to go untreated, despite doctors' best intentions."



Out of pocket price paid by consumers for each Rx filled has increased from an average of \$15.27 in 1998 to \$17.86 in 2003. This represents a 17% increase in price paid. Treatment of ailments such as allergies, asthma, and hormone replacement therapy has recognized the greatest increase in average price. Branded prescription drugs densely populate these categories where there is little to no generic availability or non-prescription drug alternative.

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Ipsos PharmTrends Methodology

Ipsos PharmTrends® syndicated tracking service captures both prescription fulfillment and over-the-counter purchasing data through a longitudinal and continuous consumer panel of 16,000 households that is representative of the U.S. census composition. Each month, panelists report their prescription and over-the-counter purchases for the treatment of a full spectrum of conditions (general and specific). The monthly tracking began in 1997.

To learn more about Ipsos PharmTrends® please visit www.ipsos-insight.com/health/publications/pharmtrends/

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