



Purpose and Scope

Researchers at RTI International compared spending by Medicare beneficiaries in single-tiered plans to those in three-tiered prescription drug plans for 352,760 Medicare beneficiaries with employer-sponsored retiree drug coverage.

The study appears online in the journal *Health Services Research*.

Key Findings

- Medicare beneficiaries in the three-tiered co-pay plans are using less medications overall and are relying more heavily on generic medications.
- Seniors with three-tiered co-pays filled almost 15 percent fewer prescriptions than those who had flat co-pay fees for all prescription medications.
- Seniors with three-tiered co-pay drug coverage had almost 60 percent higher out-of-pocket costs and filled 12 percent fewer prescriptions for the long-term treatment of chronic conditions.

Report Sponsor

The study was funded by an internal grant from RTI International.

About RTI International

RTI International is an independent nonprofit research organization based in Research Triangle Park, North Carolina, that provides research and technical solutions to governments and businesses worldwide in the areas of health and pharmaceuticals, education and training, surveys and statistics, advanced technology, democratic governance, economic and social development, energy, and the environment. For more information, visit www.rti.org.

RTI International is a trade name of Research Triangle Institute.

Research & Policy Brief



Medicare Beneficiaries with Higher Tiered Co-Pays Use Less Prescription Drugs

What the Study Found

Medicare beneficiaries who have drug coverage with higher tiered co-pays fill fewer prescriptions, apparently doing without medications to save money.

Results of a new study showed that seniors with three-tiered co-pays filled almost 15 percent fewer prescriptions than those who had flat co-pay fees for all prescription medications.

This study is one of the first to analyze the impact of multi-tiered copayment plans on the use and cost of prescription drugs for Medicare recipients. The results showed that as a result of cost-sharing incentives, seniors in the three-tiered plans are using less medications overall and are relying more heavily on generic medications.

RTI researchers compared spending by those in single-tiered plans to those in three-tiered prescription drug plans for 352,760 Medicare beneficiaries with employer-sponsored retiree drug coverage.

Three-tiered plans charged retirees higher prices for using drugs that were not generic or preferred name brands, or that were less obviously medically necessary, whereas single-tier plans charged a flat \$5 or \$10 co-pay for all prescribed medications.

According to the study, seniors with three-tiered co-pay drug coverage had almost 60 percent higher out-of-pocket costs and filled 12 percent fewer prescriptions for the long-term treatment of chronic conditions.

According to the authors, it is difficult to assess whether the lower drug use and spending associated with three-tiered plans reflect barriers to access or gains in efficiency.