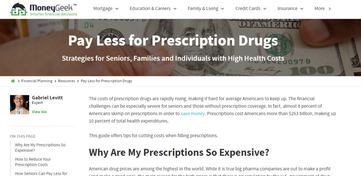

Pay Less for Prescription Drugs

Strategies for Seniors, Families and Individuals with High Health Costs

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The costs of prescription drugs are rapidly rising, making it hard for average Americans to keep up. The financial challenges can be especially severe for seniors and those without comprehensive coverage. In fact, almost 6 percent of Americans skimp on prescriptions in order to save money. Prescriptions cost Americans more than $263 billion, making up 10 percent of total health expenditures.

This guide offers tips for cutting costs when filling prescriptions.

Why Are My Prescriptions So Expensive?

American drug prices are among the highest in the world. While it is true big pharma companies are out to make a profit (and make a good one), the main reason for the high prices is that there is no regulation by the U.S. government of drug costs.

Drug patents in the U.S. last 20 years—giving manufacturers a lengthy time to make money before generics become available at a lower cost.

For some drugs, there isn't enough competition to keep prices down. Other drugs, developed to treat rare conditions, have such a small market that the companies charge high prices to compensate for their research investment.

Those costs can add up:

- The average cost of hypertension prescriptions is $407 a year for those without insurance.
- Diabetes care, including drugs, costs $6000 annually. The lifetime average cost for medical care for a diabetes patient is $81,200.
- Alzheimer's health care costs have been cited as $66,155 in the last 5 years of life.

How to Reduce Your Prescription Costs

There are many ways to keep prescription costs under control. Some are as easy as 1-2-3, and some require more effort and planning. Some methods will save you a few bucks, but others could save you hundreds.

1 Compare Costs

- Compare what your out-of-pocket cost will be at local drug stores for the same drug. You might be surprised to find that the prices do differ. NB Drug Price Search can help you check online.
- When your enrollment period comes up for health insurance, compare the prices for the drugs you regularly take under different plans. You may have to call plans to find out.
- Get the GoodRx app, which will check prices at local pharmacies for you.
- Watch for deals. Some pharmacies offer special limited-time discounts.
- Find out if your prescription plan has a preferred pharmacy where it may have negotiated lower costs.

2 Buy Generic

- Generic drugs cost 80 to 85 percent less than brand-name drugs on average, so ask your doctor if there is a generic alternative for your prescription.
- Some prescription drugs are also available over-the-counter. Flonase is a good example of this. Compare the over-the-counter cost to your prescription co-pay to see which is lower.

3 Discuss lower cost options with your doctor

- There may be several drugs available to treat your condition. Ask your doctor which options are likely to be most affordable.
- Ask your doctor to choose a drug that is on your insurance plan's "approved formulary" drug list.
- Ask your doctor for the lowest dose that is likely to do the job. Not only do lower doses usually cost less, they are also less likely to cause side effects.
- Ask about pill splitting. Some pills cost the same at various doses so you can save money by buying a higher dose and cutting the pills. For example, if you only need a 5 mg of a medicine every day, you might be able to buy 10 mg pills instead at the same price. Cut the pills in half, and you've doubled your supply. Certain time-release medications cannot be split, so talk with your doctor and pharmacist about whether this is an option for you.
- Ask if you can get a 90-day prescription instead of a 30-day prescription for your regular medications. These often end up costing less.

4 Order by mail

Mail order pharmacies can save you money on prescriptions, but always be sure the pharmacy has the Verified Internet Pharmacy Practice Sites (VIPPS) seal so you know it is legitimate. Make sure there is pharmacist on staff. To make the searching process easier, look for a site that ends with pharmacy, which means it is licensed by the National Association of Boards of Pharmacies.

5 Use an FSA or an HSA

Flexible spending accounts (FSAs) and Health Savings Accounts (HSAs) allow you to have money withdrawn pre-tax from your paycheck and deposited into a special account. You can use the money in this account to pay for qualified medical expenses, including co-pays and out-of-pocket prescription costs. FSAs allow you to use the funds for over-the-counter drugs as well as prescriptions and health care, but you must use all the money in the account by the end of the year. HSAs can only be used for prescription costs and health care (no over-the-counter drugs), and are only available to people with high deductible plans. The funds roll over from year to year.

Utilize Prescription Drug Coupons and Discount Cards

Drug coupons and discount cards can help you save money on prescription costs and are more readily available than you might think.

- **How Coupons Work**
  Coupons are issued by the drug manufacturer for specific drugs. They are often distributed through doctor's offices. You can also search for them online using the name of the drug and the word "coupon" or go directly to the drug company's site. Present the coupon to your pharmacy to get the discount.
- **How Discount Cards Work**
  Discount cards are not affiliated with drug manufacturers. Some states or counties have their own discount prescription cards that are available to their residents, such as the New York Rx Card. Other prescription discount cards are available for purchase, such as the Walgreens card. With these cards you pay an up-front fee, then get a discount on many drugs throughout the year. Some organizations, such as AARP and AAA, provide discount cards for free to members. One investigation found discount cards offered actual savings of 12 to 27 percent with the free cards often coming out ahead.

Look for Prescription Assistance

A variety of patient assistance programs offer financial assistance or discounts on prescriptions. These programs are offered by states, nonprofit organizations, and by the drug companies themselves. Web sites like Needymeds or the Partnership for Prescription Assistance can help you search for programs for you.

Check a web site like Rxassist to find patient assistance programs run by drug companies. Some of these programs offer assistance only to the uninsured or those with high deductibles. Some are only available to people who meet certain income requirement.

Does Purchasing Online Really Save Money?

Consumer Reports estimates 1.8 million Americans buy drugs online. Purchasing drugs from online pharmacies may save you money. But a 2013 study by the National Association of Boards of Pharmacy found that 96.7 percent of online pharmacies did not comply with federal or state laws or the standards of the NABP. HealthWatchHouse.com was found to have the best prices by Consumer Reports.

- **Easy steps to online purchasing:**
  - Only use online pharmacies that are recommended by your insurance plan or which are certified by the National Association of Boards of Pharmacies.
  - Compare pricing offered by the online pharmacy with local pharmacies.
  - Ask your doctor for 90-day prescriptions so you have to reorder less often and so you can get the maximum savings.
  - Avoid pharmacies that do not require a prescription from your doctor.
  - Check the privacy settings of the website to be sure your information is protected.

Canadian Pharmacies

Canadian pharmacies are often hailed as a great money saver (with savings up to 40 percent), and you can get a prescription without ever talking to a Canadian doctor. Canadian pharmacies are generally reputable, but many online pharmacies that claim to be Canadian are actually run through other countries.

To protect yourself, make sure the pharmacy is certified by the Canadian International Pharmacy Association (CIPA). The PharmacyChecker.com Verification Program is another good way to ensure that a pharmacy in Canada or any other foreign country is legitimate. Look for the PharmacyChecker seal on an international online pharmacy's website. Click on the seal to make sure it's real. A valid PharmacyChecker.com seal will link to a profile of that online pharmacy on their website.

Even then, you should know that the FDA advises against purchasing foreign meds. They are exempt from US regulations, and if the pharmacy is not legitimate, the prescription may not provide you with the actual drug in the correct dosage. It is technically illegal to order drugs from other countries, but the FDA generally does not enforce this law if it is for your personal use.

How Seniors Can Pay Less for Drugs

Seniors make up 13 percent of the U.S. population but use 34 percent of all prescriptions. Seniors with chronic conditions typically have to take five or more prescriptions on a regular basis. Because of the demand, there are special options for lowering drug costs for seniors.

Medicare Part D Extra Help

This Medicare program for low-income seniors reduces monthly prescription costs to no more than $2.95 for each refill of a generic or $7.40 for each brand-name covered drug. You may also qualify if you have no more than $17,820 in yearly income for a single person or $24,030 for a married couple.

Do you Qualify?

You automatically qualify if you have full Medicaid coverage, get help from your state Medicaid program in paying your Part B premiums, or receive Supplemental Security Income (SSI) benefits.

What Level of Extra Help Do You Qualify for?

Medicare provides you with different notices that help determine if you qualify for assistance.

Purple notice: This means you automatically qualify for Extra Help.

Yellow notice: This means you automatically qualify for Extra Help because you qualify for Medicare and Medicaid and get benefits through Original Medicare. You will be automatically enrolled in a Medicare Prescription Drug Plan.

Social Security-Outreach Notice: This means you might be eligible for a Medicare Savings Plan and Extra Help with prescriptions.

SSI award letter: A notice that you have been awarded Supplemental Security Insurance (SSI) can be used as proof to obtain Extra Help.

If you live in an institution or get home- and community-based assistance, you will qualify for Extra Help.

State Sponsored Programs

Every Medicare Part D-eligible senior should know about the donut hole, and not the fun kind. Here's how the "donut hole" plays out:

Connecticut PACE	Montana Big Sky Rx Program
Delaware RX Assistance Program	New Jersey Senior Gold and PAAD
Hawaii SPMP	New Mexico MEDSAIRH Program
Illinois Cares Rx	Nevada Senior Rx Program
Indiana Hoosier Rx Assistance	New York EPIC Rx Assistance
Massachusetts Prescription Advantage	Pennsylvania PACE Rx Assistance
Maryland SPDAP Subsidy	Rhode Island RXPAC Rx Assistance
Maine DEL and PA Plus	Vermont VPharm, VHAP and VICAPPT
Missouri Rx Plan	Wisconsin Senior Care Rx Assistance

Closing the "Donut Hole"

Every Medicare Part D-eligible senior should know about the donut hole, and not the fun kind. Here's how the "donut hole" plays out:

- Mrs. Jones pays all costs of her drugs until she meets her yearly Medicare deductible.
- Once the deductible is met, Mrs. Jones will only be responsible for co-pays or co-insurance on her drugs until the plan has paid out its total cap ($3310 in 2016).
- Mrs. Jones is now in the donut hole and pays 45 percent the cost of covered brand-name drugs and 42 percent of generic drugs.
- Once the costs for drugs total $4050, the coverage gap ends and she then pays only 5 percent of the cost of her drugs moving forward in that coverage year.

The donut hole, then, is the coverage gap between the what Medicare Part D initially covers and what its catastrophic coverage threshold is. The good news is the donut hole is being phased out with the Affordable Care Act, and will be gone by 2020. Also, Medicare requires drug companies to give you a discount on the cost of these drugs when you are in the donut hole.

There is a way to escape the donut hole right now: the Program of All-inclusive Care for the Elderly (PACE) will pay for all of your prescription costs (allowing you to opt out of prescription plans and the donut hole) if:

- you need nursing home-level care &
- there is a PACE organization in your area & you have either Medicaid or Medicare (in some states PACE is only available with Medicaid).

Paying Less if You're Uninsured

Nearly 10 percent of all US residents lack any sort of health insurance.

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If you are uninsured or have no prescription drug coverage, you may find the cost of prescriptions daunting. In addition to the strategies outlined above, there is help available.

- Pharmaceutical Company Assistance
  Check with the company that manufactures the drug you need. Many have special programs for the uninsured. You may need to provide proof of low income or uninsured status.
- Samples and Coupons
  When your doctor prescribes a medication, ask if the office has any free samples or coupons you could use.
- Tax Deductions for Drug Costs

If you or your spouse is over age 65 and your total out-of-pocket medical expenses for the tax year is more than 7.5 percent of your adjusted gross income, you can deduct these expenses on your taxes. If you are under age 65, you can deduct them if they exceed 10 percent of your adjusted gross income for the year. Over the counter medications are not included in the total, but you can count prescriptions, premiums, deductibles, co-pays, co-insurance and other out-of-pocket costs for health care.

Many people are underinsured, which means they have some coverage but can't afford the out-of-pocket costs that go with their plans. The Patient Advocate Foundation allows you to search for resources for assistance if you are underinsured.

Beyond Prescriptions: Healthy Habits

Lifestyle changes are not a substitute for prescriptions for many people, but they may reduce your need for prescription drugs. There are also some alternative therapies that may be worth a try as a substitute for prescriptions, particularly for pain. Of course, you should get your doctor's OK before ever stopping or cutting back on a prescription.

- **Eating a healthy, balanced diet.**
  Coupons are issued by the drug manufacturer for specific drugs. They are often distributed through doctor's offices. You can also search for them online using the name of the drug and the word "coupon" or go directly to the drug company's site. Present the coupon to your pharmacy to get the discount.
- **Getting adequate amounts of sleep and exercise.**
  Both can go a long way towards improving and maintaining your health.
- **Alternative pain management.**
  With the increase in opioid addiction and overdoses, more and more doctors are suggesting alternative methods of pain management through therapies such as nerve stimulation units, yoga, meditation, and physical therapy.