

# The High Cost of

## Making “Cents” of it All

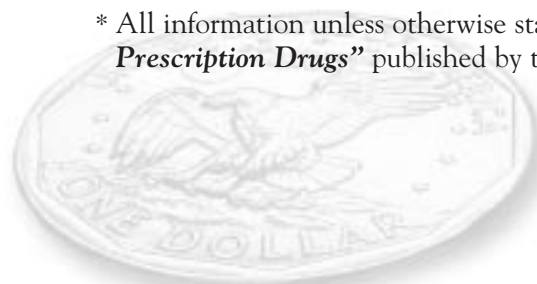
Prescription drugs are the fastest-growing health care expense in the nation. As the cost of medicine rises, many people are faced with difficult decisions. Pharmacy bills have become a significant item in the budget of most families, and often much-needed prescription drugs are balanced against necessities, such as groceries or rent. It is an emotional issue with a billion dollar price tag.

Pharmaceutical companies blame the exorbitant cost of high-tech Research & Development efforts, while consumers grumble at expensive and often overwhelming advertising campaigns. In fact, according to competitive research, **Schering-Plough** spent \$136 million in 1998 advertising *Claritin* alone, which was more than **Coca Cola** spent in the same year advertising *Coke*.

### Here are Some Other Interesting Facts:\*

- Seniors comprise 12 percent of the population but use 37 percent of prescription drugs.
- Almost a third of the elderly who have insurance through Medicare lack drug coverage.
- Older Americans pay, on average, almost twice as much as the drug companies' favored customers — large insurance companies and HMOs — for the medications most frequently prescribed to Seniors.
- According to the May 2001 Report from *The National Institute for Health Care Management Foundation*, Americans spent \$131.9 billion on prescription drugs sold through retail outlets in the year 2000, up from \$111.1 billion in 1999 — an 18.8 percent increase. The rise follows a 19 percent increase in spending from 1998 to 1999.
- In a recent survey of 134 physicians published in *Archives of Internal Medicine*, 80 percent said they were unaware of the actual costs of the medications they prescribe.

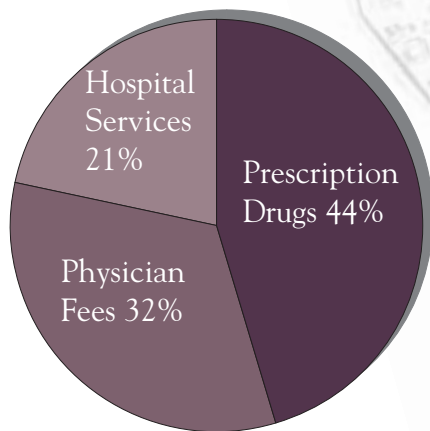
\* All information unless otherwise stated was obtained from “*The Cents and Nonsense of High Cost Prescription Drugs*” published by the **Cooper Institute**.



# Prescription Drugs

## Market at a Glance...

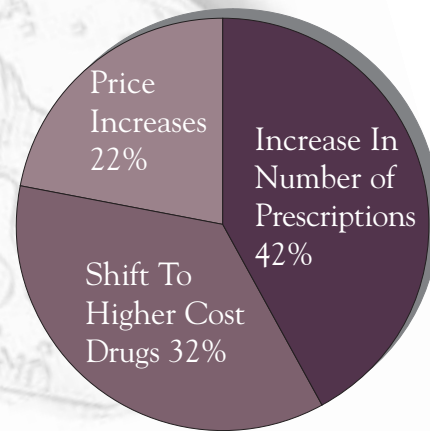
Factors Contributing to the 1999 Increase in Health Care Spending



**Figure A**

According to the *National Institute on Health Care Management (NIHCM)*, in 1999 the rise in spending on prescription medicines accounted for 44 percent of the increase in overall health care costs.

Factors Contributing to the 18.8 percent Increase in Retail Prescription Drug Spending, 1999-2000



**Figure B:**

According to the *NIHCM*, prescription drug spending increased in 1999-2000 due to three basic factors: overall price increases, a rise in the number of prescriptions issued, and a shift towards higher cost or brand name drugs.

## How United American Can Help. . .

Nothing beats having a great partner! While United American does not have a prescription drug benefit, UA Med-Supp policyholders can get a handle on the cost of prescription drugs by joining our **ACF Partners®** program. A subscription to Partners offers “Automatic” Claims Filing® and access to a **quality, discount health services program** with local providers nationwide.

## Here is How You Save. . .

Partners members can expect to save **up to 30 percent** on retail and mail order prescriptions.

**Partners members saved an average of 26.7 percent in April 2001 alone!**

**ACF Partners** also offers personalized service! **ACF Partners** members receive a provider list based on their zip code. Call (800)308-0374 for other service information. (Note: **ACF Partners** is not available in all states.)