

In Focus

Splitting the Difference

They Said It?

Senator Charles Grassley, Rep. Iowa and a member of the "Gang of Six" senators attempting to negotiate a bipartisan health care reform bill:

"There's a feeling that the only way to get a bipartisan agreement is to defeat the Democratic proposal on the first hand, and then the Democrats will come to Republican leadership. And then, at that point, they'll know the only way they're going to get health-care reform is bipartisan."

A recent study conducted by the Opinion Research Corp. (sponsored by the Health Action Council's new TPA and provider network partner, UnitedHealth Group) revealed that in this tough economy, 27% of Americans taking prescription medications are not taking them as prescribed by their doctor. Moreover, 18% of the study's respondents said they have stopped taking their medications entirely. Even so, only 31% said that they had ever spoken with their physicians about how to save money on prescription drugs.

Certainly obtaining a prescription for a generic rather than brand name drug is a substantial cost-saving technique. The evidence is that generic substitution rates are continuing to increase. And over the next several years, several block buster brand name drugs will go off patent, allowing for dramatically less expensive generics to take their place. But as valuable as increasing the use of generics is, it is not the only cost-saving technique that benefits managers should be encouraging their employee populations to apply.

Pill-splitting brand name drugs that do not have generic equivalents, while certainly not a secret, is an under publicized technique that is easy, maintains drug efficacy and can save employers and their employees up to \$300-\$400 a year *per drug*. The savings come from the fact that pharmaceutical manufacturers do not price most drugs based on dosage strength. A 20 mg dose is often priced the same as a 10 mg dose. This type of drug pricing is called "flat pricing". *Voila!* Buy half as many 20 mg pills for the same price as the 10 mgs, split those 20s in half and pocket the savings!

Pill-splitting is a simple technique that should begin with a conversation between doctor and patient about whether splitting the drug in question is appropriate. According to Dr. Sam Ho, United Healthcare's chief medical officer, "Pill-splitting under the direction of a physician can be a simple and effective way to receive the benefits of certain prescription drugs at half the cost. Some of our health plan customers have saved almost \$400 a year by splitting a single prescription."

Drugs with the following characteristics are usually considered good candidates for splitting:

- Tablets that can be split easily, evenly and without crumbling
- Drugs that have a wide margin of safety so that tiny differences in tablet sizes will not result in a material under or over-dose
- Medicines that remain stable after splitting

Medicines that meet these criteria and are good candidates for splitting include:

- Statins: Crestor, Lipitor and Pravachol
- Antidepressants: Celexa, Paxil and Zoloft
- ACE-Inhibitors: Monopril, Prinivil, Univasic and Zestril
- Angiotensin receptor blockers: Avapro and Cozaar

Not surprisingly The Pharmaceutical Research and Manufacturers of America (Big Pharma) and the drug store chains are not fans of pill splitting. Big Pharma and the National Association of Chain Drug Stores discourage the practice. "It's a lot of responsibility to put on the patient and doctor," said Jeff Trehwhitt, a spokesman for the pharmaceutical group. "We strongly urge that pill splitting not be pursued."

The viability of pill-splitting relies on two ironic facts in the pharmaceutical world - the aforementioned flat pricing strategy and guilt. Both may not last.

As to flat pricing, once you get past the cost of a drug's R&D and promotion, the cost of a drug to its manufacturer is mainly a function of production expense and not dosage strength. "... the biggest cost is not the active ingredient, but making the pill itself," says Richard Sagall, president of NeedyMeds, a Philadelphia nonprofit that provides information about financial assistance for drugs. He continues, "That cost is pretty much the same no matter how much of the active ingredient is used."

Regarding guilt, the same pharmaceutical manufacturers that generally price to the highest level the market will bear don't want to be accused of pricing based on how sick you are. Higher prices for higher dosages "... might be seen as punishing a person for getting sicker", say Kevin Schulman, MD, professor of medicine and business administration at Duke University.

Benefit managers have a lot at stake with pill-splitting. The University of Michigan's pill splitting program saved the school nearly \$200,000 in its first year. The Veterans Administration saved \$47 million just by splitting Zocor! It's not just employees who save.

The danger is that Big Pharma may pull its flat pricing strategy. After all, with nearly every other purchase, we are used to paying more money for more content; why not drugs? Don't think Big Pharma isn't mulling that one over. And we've long since observed how sympathetic Big Pharma

really is about pricing to the level of sickness. Anybody ever hear of specialty drugs?

Ironically, as pill-splitting spreads to more people who need to conserve more money due to restricted wages and weakened financial positions, this success may ultimately lead to the elimination of the availability of this cost saving technique. In the meantime, benefits managers should know that the major healthcare organizations, including UHC, Wellpoint and Medical Mutual, offer pill-splitting programs that can help employers and employees cut the cost of drugs.

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