ASPE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION | OFFICE OF HEALTH POLICY

DATA POINT
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Prescription Drug Affordability among Medicare Beneficiaries

More than 5 million Medicare beneficiaries struggle to afford prescription medications. Among adults 65 and older, Black and Latino beneficiaries are most likely to experience affordability problems. Medicare beneficiaries with lower incomes and those under age 65 also had above-average rates of not taking needed medications due to cost.

Wafa Tarazi, Kenneth Finegold, Steven Sheingold, Nancy De Lew, and Benjamin D. Sommers

KEY POINTS

- Using the National Health Interview Survey (NHIS), we estimate that 3.5 million adults 65 and older and 1.8 million Medicare beneficiaries under 65 had difficulty affording their medications in 2019.
- Black and Latino adults over age 65 reported difficulty affording prescription medications at rates roughly 1.5 to 2 times higher than White adults.
- Medicare beneficiaries below age 65 – who generally qualify for Medicare on the basis of a disability or end-stage renal disease – had much higher rates of affordability problems with prescriptions than did adults over 65.
- Women, people with lower incomes, and beneficiaries diagnosed with chronic conditions such as diabetes had higher rates of having affordability problems with prescriptions than other groups.
- Several potential policies, including changes to the Medicare Part D drug benefit and proposals to lower the price of prescription drugs in Medicare, would likely improve equitable access to needed medications.

BACKGROUND

High drug prices in the U.S. are harmful to patients and the country as a whole. U.S. drug prices, for example, are nearly twice as high as prices in other comparable countries, even after rebates.[1] The high cost and out-of-pocket expenses of drugs cause many Americans – particularly those with chronic conditions such as diabetes – to delay or skip taking needed treatments.[2,3]

The Biden-Harris Administration has renewed policy attention to the cost of prescription drugs in an effort to protect consumers and enhance health equity.[4] Policymakers have proposed redesigning the Medicare Part D program by creating a maximum out-of-pocket cost for beneficiaries, ensuring that Part D plans are

incentivized to promote drugs with the most value at the lowest cost, and requiring drug manufacturers to provide cost discounts.[5] The Build Back Better Act being considered by Congress proposes steps to reduce drug prices and lower costs for Medicare beneficiaries, including allowing Medicare to negotiate drug prices; addressing price increases above inflation; restructuring the Part D benefit to cap beneficiary out-of-pocket costs at $2,000 a year; and limiting insulin cost-sharing to $35 per month.

The Biden-Harris administration is also pursuing regulatory changes to improve prescription drug affordability for Medicare enrollees, which do not require congressional approval. For example, applying Part D pharmacy price concessions at the point of sale, as in the Notice of Proposed Rulemaking issued January 6, 2022, is projected to reduce beneficiary costs by more than $2 billion per year.[6,*] Medicare beneficiaries who are prescribed more costly drugs or require multiple drugs to treat chronic conditions would be particularly likely to benefit from this proposal.

Approximately 48.7 million out of 62.2 million Medicare beneficiaries depend on Part D for prescription drug coverage.[7,†] While most beneficiaries qualify for Medicare coverage when they turn 65, younger individuals may be eligible based on having a disability or end-stage renal disease (ESRD).

The objective of this Data Point was to examine the affordability of needed prescription drugs among Medicare beneficiaries, using recent data from the National Health Interview Survey (NHIS). Specifically, we examined whether adults 65 and older and Medicare beneficiaries younger than 65 reported affordability problems of skipping medication doses, taking less medication, delaying filling a prescription to save money, or not getting needed prescriptions because of cost in the past 12 months.

METHODS

We use the 2019 NHIS, a cross-sectional household interview survey that is considered one of the important sources of information on the health of the civilian noninstitutionalized population of the U.S.[8] A major strength of the NHIS is its ability to categorize information on health by several demographic and socioeconomic characteristics. The NHIS can be used to examine characteristics of individuals with various health problems, identify barriers to accessing and using appropriate health care, and evaluate Federal health programs. We use 2019 NHIS data rather than 2020 data because of concerns that the COVID-19 pandemic may have affected both drug utilization and patterns of survey responses.[9]

We analyzed two outcomes:

- The first outcome combined several NHIS questions related to problems affording prescription medications. For those who reported taking prescription medications in the past 12 months, the questions were, "During the past 12 months, were any of the following true for you?
  (a) skipped medication doses to save money?
  (b) took less medication to save money?
  (c) delayed filling prescription to save money?"
  and

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[*] The Notice of Proposed Rulemaking proposes to define price concession in a broad manner to include all forms of discounts and direct or indirect subsidies or rebates that serve to reduce the costs incurred under Part D plans by Part D sponsors. The effect of the proposal would be to include pharmacy price concessions to Part D sponsors in calculating the negotiated price of a drug, lowering the amount used to determine cost-sharing for Part D beneficiaries subject to coinsurance or in the annual deductible phase of their benefit. https://public-inspection.federalregister.gov/2022-00117.pdf

[†] In 2021, 12 percent of Medicare beneficiaries were not enrolled in Part D or other creditable drug coverage (https://www.medpac.gov/wp-content/uploads/2021/10/July2021_MedPAC_DataBook_Sec10_SEC.pdf, p. 14). This share is equivalent to 7-8 million individuals (ASPE estimate based on above and https://www.cms.gov/files/document/2021-medicare-trustees-report.pdf, p. 14).

(d) "During the past 12 months, was there any time when you needed prescription medication, but did not get it because of the cost?"

- We also examined item (d) above as a standalone measure, medications not taken due to cost.

The first outcome is broader and reflects multiple potential negative impacts of expensive medications. The second outcome is narrower and reflects the most severe consequence of medication costs – a patient not taking a needed medication at all.

We examined these two measures of medication affordability separately for adults aged 65 and older, and for those adults under age 65 who reported having Medicare coverage. We examined medication affordability by race/ethnicity, sex, family income (above vs. below 200 percent of the Federal Poverty Level [FPL]), urban vs. rural counties, and the presence of selected chronic conditions (diabetes, hypertension, and asthma or chronic obstructive pulmonary disease [COPD]).[‡] We applied survey weights to estimate the total population size that experienced these affordability difficulties.

FINDINGS

Table 1 presents characteristics of individuals who reported any medication affordability problems and those who needed prescription drugs but did not get it because of cost in the past 12 months. The table presents the characteristics separately for adults 65 and older and for Medicare beneficiaries below 65.

Overall, 3.5 million adults 65 and older and 1.8 million Medicare beneficiaries younger than 65 reported affordability problems with prescriptions in 2019

Overall, 3.5 million adults 65 and older (6.6 percent) and 1.8 million Medicare beneficiaries younger than 65 (22.7 percent) reported affordability problems with prescriptions in 2019. The numbers for those who did not get needed prescriptions due to cost were 2.3 million adults 65 and older and 1.4 million Medicare beneficiaries under age 65.

Among adults 65 and older, Latino and Black adults were roughly 1.5 times more likely to have affordability problems than were Non-Latino White adults and 2 times as likely not to get needed prescriptions due to cost.

In the Medicare group under age 65, the pattern was somewhat different, with the rates of not getting needed prescriptions due to cost being lower among Black and Asian beneficiaries than White beneficiaries, while American Indian and Alaska Native beneficiaries had the highest rate.

In both age groups and outcome measures, women and those with lower incomes were more likely to experience affordability problems than men and those with higher incomes, respectively. Rates were fairly similar for urban and rural residents.

Individuals with chronic conditions had higher rates of overall affordability problems and higher-than-average rates of not getting needed prescriptions due to cost. For example, among adults with diabetes, 9.9 percent of adults 65 and older and 26.2 percent of Medicare beneficiaries younger than 65 experienced affordability problems (compared to 6.6 percent and 22.7 percent, respectively, for the age groups as a whole). Rates of affordability problems were even higher for adults with asthma or COPD.

[‡] We combined the NHIS question on asthma and "COPD, emphysema, or chronic bronchitis" for a single composite group.

Table 1. Share of Adults Who Reported Affordability Problems or Did Not Get Needed Prescription Drugs Due to Cost in the Past 12 Months, by Beneficiary Characteristic (2019)

	% Who Reported Any Affordability Problems		% Who Did Not Get Needed Prescriptions due to Cost	
Characteristic	**All Adults 65 and Older**	**Medicare Beneficiaries Under Age 65**	**All Adults 65 and Older**	**Medicare Beneficiaries Under Age 65**
Race and Ethnicity				
Latino	9.8%	18.1%	7.6%	12.9%
White (Non-Latino)	6.2%	25.3%	3.8%	20.3%
Black (Non-Latino)	9.5%	17.0%	7.3%	11.6%
Asian-American (Non-Latino)	2.7%	15.7%	1.9%	14.2%
American Indian / Alaska Native	3.8%	23.2%	2.8%	23.2%
Sex				
Male	5.2%	18.1%	3.6%	13.0%
Female	7.8%	27.2%	5.0%	22.4%
Family Income				
Less Than 200% Federal Poverty Level	11.1%	26.0%	7.7%	20.3%
Above 200% Federal Poverty Level	4.7%	16.7%	2.9%	13.2%
Urban/Rural Counties				
Urban (Metro)	6.7%	22.5%	4.4%	17.0%
Rural (Non-metro)	6.3%	23.2%	4.0%	20.3%
Chronic conditions				
Ever had diabetes	9.9%	26.2%	7.2%	22.0%
Ever had hypertension	7.3%	26.1%	4.9%	21.2%
Ever had asthma or COPD	11.0%	28.4%	7.8%	22.1%
FULL SAMPLE	6.6%	22.7%	4.4%	17.8%
Number of "yes" respondents (weighted)	3.5M	1.8M	2.3M	1.4M
Total number of respondents (weighted)	52.8M	7.8M	52.8M	7.8M

Notes: Analysis of the 2019 National Health Interview Survey (NHIS) data. The first outcome was the percentage of respondents in each subgroup who answered "yes" to any of the questions on whether they saved money by skipping medication doses, taking less medication, or delaying filling a prescription during the past 12 months. These questions are only administered to respondents who reported utilizing prescription drugs in the previous 12 months. In addition to these questions, the first outcome included respondents who reported not getting needed prescriptions due to cost but were not asked the additional questions because they did not report prescription drug utilization in the previous 12 months. The second narrower outcome was the percentage of respondents who answered "yes" to the question, "During the past 12 months, was there any time when you needed prescription medication, but did not get it because of the cost?" The table does not report results for multiple races in combination, or Native Hawaiian and Pacific Islanders due to limitations on definitions of these groups from NHIS and sample sizes. Urban/rural counties in the data were based on the 2013 National Center for Health Statistics (NCHS) Urban-Rural Classification Scheme for Counties. In this analysis, it was reconstructed into two categories (Metro, which included "large central metro, large fringe metro, and medium and small metro"; and Non-metro, which included nonmetropolitan counties). COPD is Chronic Obstructive Pulmonary Disease.

DISCUSSION

Our analysis of 2019 national survey data shows that 5.3 million individuals (3.5 million adults 65 and older and 1.8 million Medicare beneficiaries younger than 65) reported affordability problems with prescriptions.

We also found that rates of affordability problems and not getting needed prescriptions due to cost varied by respondent characteristics and age group. Among adults over 65, who represent the majority of Medicare beneficiaries, there are major inequities across dimensions including race/ethnicity, income, and chronic conditions. Black and Latino beneficiaries were 1.5 to 2 times as likely to experience medication-related affordability challenges as White beneficiaries in this age range. Beneficiaries with chronic conditions such as diabetes and those with lower incomes were also more likely to experience these challenges.

Rates of medication affordability problems among Medicare beneficiaries younger than 65 were much higher than among adults 65 and older. Medicare beneficiaries younger than 65 are generally sicker than the general population, since they qualify for Medicare based on having a disability or ESRD.[10] Comorbidities are common in this population. In addition, Medicare beneficiaries younger than 65 are also more likely to have low incomes and be dually-enrolled in Medicare and Medicaid.[11]

Our findings indicate substantial disparities in access to needed medications among Medicare beneficiaries. Potential approaches to improving affordability of prescription drugs in Medicare include direct price negotiations to reduce the cost of expensive medications, limitations on price increases over time, changes to the Medicare Part D benefit to reduce patient cost-sharing and cap beneficiaries' out-of-pocket spending, and applying Part D pharmacy price concessions at the point of sale.[4,6] The findings in this report suggest that such changes would likely improve equitable access to prescription drugs and help improve medication affordability for millions of Medicare beneficiaries.

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Office of the Assistant Secretary for Planning and Evaluation

200 Independence Avenue SW, Mailstop 447D
Washington, D.C. 20201

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ABOUT THE AUTHORS
Wafa Tarazi is a Health Economist in the Office of Health Policy in the Office of the Assistant Secretary for Planning and Evaluation.
Kenneth Finegold is a Senior Social Science Analyst in the Office of Health Policy in the Office of the Assistant Secretary for Planning and Evaluation
Steven Sheingold is the Director of Healthcare Financing Policy in the Office of Health Policy in the Office of Assistant Secretary for Planning and Evaluation.
Nancy De Lew is the Associate Deputy Assistant Secretary of the Office of Health Policy in the Office of Assistant Secretary for Planning and Evaluation.
Benjamin D. Sommers is the Deputy Assistant Secretary of the Office of Health Policy in the Office of Assistant Secretary for Planning and Evaluation.

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