

# Medicare-Approved Drug Discount Cards Continue to Show Significant Savings – Including for Mail Order/Internet Prescriptions

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## Overview

This CMS study, which updates prior analyses, presents a comparison of the mail order and retail prices offered by Medicare-approved drug discount cards with prices available through two popular Internet pharmacies, Drugstore.com and Costco.com. CMS consistently finds that Medicare-approved drug discount cards have lower prices for drugs when compared to these web-based services.

While most Medicare beneficiaries prefer to use retail pharmacies, many beneficiaries find having a mail order option helpful. Beneficiaries with chronic conditions, for example, likely take several prescription medications regularly and may find the lower costs and home delivery of mail order pharmacies convenient. CMS conducted this analysis of mail order Internet pharmacies to assess the prices available for commonly used medications through two popular Internet pharmacies and through Medicare-approved drug discount cards (both mail order and retail prices offered by Medicare-approved cards). The analysis indicates that mail order prices available through Medicare-approved cards are lower for the drugs in our study than prices available through these Internet pharmacies. Further, the Medicare-approved cards' best retail prices even beat Internet mail order prices most of the time.

- Our analysis finds that the best Medicare-approved cards' mail order prices beat the Drugstore.com price by 5 to 33 percent and the Costco.com prices by 11 to 34 percent for the 10 commonly used drugs in our study. (See Table 1)
- Using the same four Medicare-approved cards studied in prior analyses on mail order pricing for a basket of 10 commonly used drugs, the Medicare-approved card prices continued to beat those of Drugstore.com by 9 to 13 percent and Costco.com by 14 to 18 percent. (See Table 2) All four Medicare-approved cards beat the aggregate prices of both Drugstore.com and Costco.com.
- These savings do not account for the additional charges (membership fees, shipping) at Costco.com and Drugstore.com—so the total savings are actually even greater.
- The best retail prices available through the Medicare-approved discount cards even beat Drugstore.com and Costco.com prices for 19 of the 20 observations in our analysis. The retail prices of the best Medicare-approved cards beat Drugstore.com by as much as 24 percent (one drug did not beat the Drugstore.com price), and beat Costco.com by 3 to 25 percent. (See Table 3) This is a particularly interesting finding, given that retail prices are usually higher than mail order prices for a variety of reasons (including mail order tends to have lower overhead costs and prescriptions are filled for 90-day supplies rather than 30-day supplies). And, again, if membership fees and shipping were included, the savings would be even greater.

## **Analysis**

In this study, CMS used two different approaches to compare prices available through Medicare-approved drug discount cards against drug prices from two major Internet pharmacies (Drugstore.com and Costco.com). In both cases, CMS examined prices from Medicare Price Compare for 10 commonly used brand name prescription drugs. In one approach, we compared the best mail order price for each of the 10 individual drugs offered through the Medicare discount cards to the prices available through the two Internet pharmacies. Essentially, we did an “apples to apples” comparison of the prices available on the Medicare Price Compare website for mail order drugs and prices available through Internet pharmacies. In another approach, we compiled the total cost for a basket of the 10 drugs available through four Medicare-approved discount cards and compared the aggregate cost for that same basket of drugs if purchased from the Internet pharmacies. Finally, we examined the retail prices of the Medicare-approved cards against the mail prices of the Internet pharmacies for the 10 individual drugs used in the mail order comparison.

In the case of the mail order comparison a quantity of 90 tabs was used, and for the retail comparison a quantity of 30 tabs was used. The one exception was for Fosamax, a drug taken once a week, and thus quantities of 12 and 4 were used for mail order and retail respectively.

### **Mail Order to Mail Order Comparison**

Comparing prices posted on the Medicare Price Compare website for the mail order option of Medicare-approved cards to the two Internet pharmacies, CMS found that Medicare-approved drug discount cards do offer significant savings over these web-based services. This result was found when we examined prices on an individual drug-by-drug basis and for the set of 10 commonly used drugs when taken together (a “basket” of drugs).

On an individual drug-by-drug basis, the range of savings was rather wide. If a Medicare beneficiary chose the best price available through Medicare-approved discount cards, we found that:

- The best Medicare-approved cards beat the Drugstore.com price by 5 to 33 percent for mail order (90 day supply) purchases of individual drugs. The best Medicare-approved cards beat the Costco.com price by 11 to 34 percent for mail order (90 day supply) purchases of individual drugs. (See Table 1)
- The best price offered by Medicare-approved discount cards for three drugs—Zocor, Nexium and Protonix—ranged from 20 to over 30 percent less than the prices of the two popular Internet pharmacies.

When we examined the 10 drugs as an aggregate “basket”, we found:

- The four Medicare-approved cards included in the analysis beat the Drugstore.com price by 9 to 13 percent for the aggregate cost of the basket of 10 drugs analyzed. The four Medicare cards also beat the Costco.com price by 14 to 18 percent for the aggregate cost of the 10 drugs included in the study. (See Table 2)

- These savings also do not account for the additional charges (membership fees, shipping) at Costco.com and Drugstore.com. If such charges were included in the analysis, the total savings would be even greater.

### **Mail Order to Retail Comparison**

A comparison between Internet pharmacy prices and retail prices is not a good comparison because retail pharmacies typically have some additional costs associated with face-to-face pharmacy services, faster prescription filling, and generally lower volumes dispensed. Such a comparison is like comparing apples to oranges rather than apples to apples. However, we found that even in this somewhat unfair comparison, the retail prices for the Medicare-approved cards were lower than Costco.com and Drugstore.com prices in nearly all cases. When examined on a drug-by-drug basis, the best retail prices of Medicare-approved discount cards for individual drugs beat each of the two Internet pharmacies' prices, with the exception of one drug. (See Table 3).

- The best retail price for individual drugs on the Medicare Price Compare website ranged from 2 percent higher to 24 percent lower in comparison to prices for those same drugs on Drugstore.com. Lipitor was the only drug for which one of the Internet pharmacies had a slightly lower price (2 percent lower) than any of the best retail prices available through Medicare discount cards.
- The best retail price for individual drugs on the Medicare Price Compare website ranged from 3 to 25 percent lower in comparison to prices for those same drugs on Costco.com.
- This is a particularly interesting finding, given that retail prices are usually higher than mail order prices for a variety of reasons (including mail order tends to have lower overhead costs and prescriptions are filled for 90-day supplies rather than 30-day supplies). And, again, if membership fees and shipping were included, the savings would be even greater.

The results of this study clearly indicate that beneficiaries can achieve significant savings when purchasing prescriptions at either their local retail pharmacies or through the mail order services offered by many of the Medicare-approved discount cards.

**Table 1 Comparison of Mail Order Individual Drug Prices Under Medicare-Approved Discount Cards vs. Internet Pharmacies <sup>1</sup>**

Mail Order Prices for Medicare-Approved Drug Discount Cards	Best Price (90 day)	Percent Savings vs Drugstore.com	Percent Savings vs Costco.com	Internet Pharmacy Prices <sup>2</sup>	
				Drugstore.com (90 day)	Costco.com (90 day) <sup>3</sup>
Aricept (10 mg, 90 tab)	\$347.36	-9%	-16%	\$379.97	\$415.34
Celebrex (200 mg, 90 cap)	\$209.35	-8%	-25%	\$227.97	\$280.27
Fosamax (70 mg, 4 tab--3 packages)	\$161.49	-14%	-16%	\$187.97	\$191.49
Lipitor (10 mg, 90 tab)	\$173.95	-5%	-13%	\$183.97	\$199.05
Nexium (40 mg, 90 cap)	\$271.65	-22%	-25%	\$346.97	\$361.05
Norvasc (5 mg, 90 tab)	\$111.20	-10%	-11%	\$123.97	\$124.80
Plavix (75 mg, 90 tab)	\$298.92	-9%	-11%	\$329.97	\$337.65
Prevacid (30 mg, 90 cap)	\$288.88	-16%	-20%	\$344.97	\$360.60
Protonix (40 mg, 90 tab)	\$221.70	-20%	-25%	\$276.97	\$294.90
Zocor (40 mg, 90 tab)	\$239.54	-33%	-34%	\$356.97	\$362.04
Range of Savings (%) from Medicare Discount Card vs Drugstore.com & Costco.com		-5% to -33%	-11% to -34%		

Notes: (1) Data obtained from www.Medicare.gov during the week of 09/13/04 using various zip codes (21045, 15122, 97202, and 38731). Data obtained from Drugstore.com and Costco.com on 09/17/04.

(2) Price data reflect a 90 day supply; they do not include additional shipping, handling or membership fees.

(3) The Costco.com cost is calculated by converting the Internet price for a 100 day supply to a per unit basis and then multiplying the per unit cost by a quantity of 90 (except for Fosamax for which an equivalent comparison was available).

**Table 2 Comparison of Mail Order Prices Of 4 Card Programs Under Medicare-Approved Discount Cards vs. Internet Pharmacies <sup>1</sup>**

Mail Order Prices for Medicare-Approved Drug Discount Cards	Card 1	Card 2	Card 3	Card 4	Internet Pharmacy Prices <sup>2</sup>	
					Drugstore.com (90 day)	Costco.com (90 day) <sup>3</sup>
Aricept (10 mg., 30 tab)	\$364.50	<b>\$347.98</b>	\$390.42	\$358.43	\$379.97	\$415.34
Celebrex (200 mg., 30 cap)	\$218.70	<b>\$210.34</b>	\$226.92	\$216.62	\$227.97	\$280.27
Fosamax (70 mg., 4 tab--3 packages)	\$170.04	<b>\$166.37</b>	\$176.03	<b>\$166.37</b>	\$187.97	\$191.49
Lipitor (10 mg., 30 tab)	\$181.80	\$182.56	\$184.14	<b>\$180.33</b>	\$183.97	\$199.05
Nexium (40 mg, 30 cap)	<b>\$278.10</b>	\$279.53	\$289.89	\$303.02	\$346.97	\$361.05
Norvasc (5 mg, 30 tab)	\$116.10	<b>\$113.21</b>	\$121.77	\$116.54	\$123.97	\$124.80
Plavix (75 mg, 30 tab)	<b>\$310.50</b>	\$318.80	\$322.39	\$318.80	\$329.97	\$337.65
Prevacid (30 mg, 30 cap)	\$298.98	<b>\$296.76</b>	\$306.59	n.a.	\$344.97	\$360.60
Protonix (40 mg, 30 tab)	\$235.80	<b>\$235.58</b>	\$248.17	\$251.64	\$276.97	\$294.90
Zocor (40 mg, 30 tab)	\$257.40	\$245.63	\$255.47	<b>\$243.56</b>	\$356.97	\$362.04
<b>Total (all 10 drugs)</b>	<b>\$2,431.92</b>	<b>\$2,396.76</b>	<b>\$2,521.79</b>		<b>\$2,759.70</b>	<b>\$2,927.21</b>
<b>Total (for 9 drugs) <sup>4</sup></b>				<b>\$2,155.31</b>	<b>\$2,414.73</b>	<b>\$2,566.61</b>
<b>Percentage saved from Medicare Discount Card vs Drugstore.com</b>	-12%	-13%	-9%	-11%		
<b>Percentage saved from Medicare Discount Card vs Costco.com</b>	-17%	-18%	-14%	-16%		

Notes: (1) Data obtained from www.Medicare.gov during the week of 09/13/04 using various zip codes (21045, 15122, 97202, and 38731). Data obtained from Drugstore.com and Costco.com on 09/17/04.

(2) Price data reflect a 90 day supply; they do not include additional shipping, handling or membership fees.

(3) The Costco.com cost is calculated by converting the Internet price for a 100 day supply to a per unit basis and then multiplying the per unit cost by a quantity of 90 (except for Fosamax for which an equivalent comparison was available).

(4) For the week of 09/13/04, Card#4 did not have data for Prevacid in zip code 21045; the comparison for this card is for 9 drugs.

**Table 3 Comparison of Retail Individual Drug Prices Under Medicare-Approved Discount Cards vs. Internet Pharmacies <sup>1</sup>**

Retail Prices for Medicare-Approved Drug Discount Cards	Best Price (30 day)	Percent Savings vs Drugstore.com	Percent Savings vs Costco.com	Internet Pharmacy Prices <sup>2</sup>	
				Drugstore.com (30 day)	Costco.com (30 day)
Aricept (10 mg, 30 tab)	\$126.42	-3%	-10%	\$129.99	\$140.69
Celebrex (200 mg, 30 cap)	\$77.30	-3%	-17%	\$79.99	\$93.42
Fosamax (70 mg, 4 tab)	\$63.00	-5%	-4%	\$65.99	\$65.89
Lipitor (10 mg, 30 tab)	\$64.56	2%	-5%	\$62.99	\$68.27
Nexium (40 mg, 30 cap)	\$104.60	-14%	-14%	\$120.99	\$122.07
Norvasc (5 mg, 30 tab)	\$41.42	-4%	-4%	\$42.99	\$43.27
Plavix (75 mg, 30 tab)	\$110.78	-4%	-3%	\$114.99	\$114.27
Prevacid (30 mg, 30 cap)	\$109.87	-9%	-10%	\$120.99	\$121.87
Protonix (40 mg, 30 tab)	\$86.38	-13%	-14%	\$98.99	\$100.27
Zocor (40 mg, 30 tab)	\$93.76	-24%	-25%	\$123.99	\$124.87

<b>Range of Savings (%) from Medicare Discount Card vs Drugstore.com &amp; Costco.com</b>	+2% to -24%	-3% to -25%
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Notes: (1) Data obtained from www.Medicare.gov during the week of 9/13/04 using various zip codes (21045, 15122, 97202 and 38731). Data obtained from Drugstore.com and Costco.com on 09/17/04.  
(2) Price data reflect a 30 day supply; they do not include additional shipping, handling or membership fees.