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Reports

Patient Assistance Programs: Do They Really Help the Uninsured ? A report by Public Advocate Betsy Gotbaum

The Facts on Prescription Drug Costs

According to the Census Bureau, approximately 41.2 million Americans lacked health insurance in 2002. At the local level, the United Hospital Fund reported that there were approximately 1.6 million uninsured New York City residents in 2000, most of whom are low-income and working. They also found that one out of four New York City residents under the age of 65 were uninsured.

Many of these low-income uninsured individuals face considerable cost barriers to obtaining needed medications and must often pay full price for prescription drugs. Uninsured non-elderly Americans spent approximately \$20 more out-of-pocket per prescription in 1997 compared to the insured non-elderly. According to the Fiscal Policy Institute, while the cost of all drugs is increasing, brand name drugs are increasing even more rapidly, rising by 10.5 times between 1998 and 2000.

With pharmaceuticals playing an increasingly important role in health treatment plans these days, it is alarming to see pharmaceutical costs escalate over the years.

The high costs of prescription drugs have caused many uninsured individuals to take less medication than they were prescribed. According to the Kaiser Family Foundation, 41 percent of uninsured individuals did not fill a prescription because of costs.

As rising drug prices force more and more low-income uninsured individuals to make trade-offs between their medications and basic living costs, pharmaceutical companies continue to make profits. The pharmaceutical industry was the most profitable of all industries on the annual 2001 Fortune 500 list, with the top ten Fortune 500 drug companies earning \$37.2 billion in profits in 2001, up from \$28.0 billion reported in 2000.

History of Patient Assistance Programs

Through their patient assistance programs (PAPs), many drug manufacturers claim to offer free medication to low-income individuals who do not have public or private prescription drug coverage. These programs have been in existence for more than twenty years.

The Facts on Patient Assistance Programs

While PAPs alone cannot solve all the problems facing low-income individuals lacking prescription drug coverage, the office of the Public Advocate wanted to explore the extent to which PAPs can help alleviate the cost of rising prescription drugs for low-income uninsured New Yorkers. To this end, the following seven PAPs were examined:

- Astra Zeneca
- Abbott
- Pfizer
- Pharmacia
- Bristol Myers Squibb
- Merck
- Schering-Plough

These PAPs were chosen because they offer the following ten commonly prescribed drugs in New York :

- Lipitor
- Prilosec
- Glucophage
- Celebrex
- Zocor
- Claritin
- Synthroid
- Zoloft
- Zantac
- Vasotec

Findings

Despite the fact that PAPs claim to give away an estimated two billion dollars in free medication every year, our overall observations were disappointing.

- PAPs rarely publicize eligibility requirements

Pharmaceutical companies offer free prescription pharmaceuticals to those who fit their eligibility guidelines. These guidelines are based on set income and asset levels as well as eligibility for prescription drug coverage, public or private. That is, low-income individuals who do not have any prescription drugs coverage, public or private, would qualify for these patient assistance programs if they satisfy the income eligibility requirements.

Unfortunately, we found that only two of the seven pharmaceutical companies we reviewed, Pfizer and Merck, made their income eligibility guidelines public. Single New Yorkers with annual income levels of \$16,000 or less and families with incomes less than \$25,000 are eligible for the Pfizer Patient Assistance Program. Merck's Patient Assistance Program has a higher income eligibility threshold than Pfizer, allowing singles with income less than \$18,000 and families with an income of \$24,000 to qualify for the program.

Since the annual Medicaid income eligibility limit for single individuals is \$7,704 and \$11,400 for a family of four, the Pfizer and Merck PAPs could certainly help meet the prescription needs of individuals who do not qualify for Medicaid, but earn too little to afford private prescription coverage.

Eligibility guidelines existed for the five remaining PAPs, but they refused to make them public. Decisions are made on a case-by-case basis, at the discretion of the pharmaceutical company.

Without knowing the eligibility guidelines, uninsured individuals

and their health care providers cannot easily determine if they are eligible.

- Additional documentation required

Although application forms for most PAPs are only two pages long, they require the applicant to fill out detailed financial information. Four out of the seven programs required applicants to include additional documentation. For example, Pfizer, Pharmacia, Abbott, and Schering-Plough require applicants to include documentation for all sources of income including tax returns, pay stubs and W-2s. Those applicants without an income must include a note from their physician or social worker attesting to that fact.

- Getting Medication Takes Time

The process of getting the medication, from the moment the application is sent to the time the drugs are received by applicants, takes an average of three weeks for a trouble-free application. Only Pharmacia has a system where applicants are immediately able to access thirty days supply of medication. Bristol Myers Squibb takes a longer time, with applicants receiving medications in 2-3 weeks. For others like Astra Zeneca, Merck, Schering-Plough, Abbott and Pfizer, it takes 4-6 weeks to get the medications. Patients in immediate need of medicines may not benefit greatly from these programs.

- Most PAPs Do Not Send Medication Directly to Applicants

Our review of the seven PAPs found that a majority of them (57%) did not send the approved medication directly to the applicants, even though the applicants obviously had their doctor's approval. Only Astra Zeneca sends the medication directly to their applicants, while Pharmacia allows approved applicants to pick up their medication at a participating drug store. Merck leaves it up to the physician to indicate whom the medication will be sent to.

Recommendations

With the cost of prescription pharmaceuticals sky-rocketing out of control, patient assistance programs could certainly play a role in helping low-income individuals who lack private prescription coverage. However, their ability to help meet the medication needs of low-income uninsured individuals falls far short of their potential. In order for PAPs to fully reach their potential, the Public Advocate recommends the following:

Increase Public Awareness of Patient Assistance Programs:

While many PAPs have existed for the past two decades, very few people know of them. For example, out of an estimated 77,000 health care provider offices in New York State, only 4,943 used the Pfizer Patient Assistance Program in 2002.

As prices soared for the average pharmaceutical consumer, the industry saw the highest profits for any industry in 2001. Furthermore, marketing staff at major U.S pharmaceutical manufacturers have increased by 59 percent since 1995. Clearly, pharmaceutical companies have marketing resources at their disposal necessary to increase physician and patient awareness of the available assistance programs. They must utilize these resources.

Make Eligibility Requirements Publicly Available

Since many of the PAPs do not publicize their income eligibility requirements, it is often very difficult for potential applicants and their health care providers to determine their eligibility. This obstacle may deter many from applying. Therefore, clear eligibility guidelines should be made public.

Forego Additional Documentation Requests : Several PAP programs like Astra Zeneca and Bristol Myers Squibb do not require additional documentation with their applications. This reduces the amount of paperwork applicants and their physicians must complete, making the application process quicker. PAPs should not require additional documentation with their application forms.

Ship Medication Directly to Patients : Sending medication shipments directly to the patient saves the applicant from having to visit the doctor's office repeatedly.

Speedy Access to Medication : Pharmacia has a program called "Patients in Need" that allows applicants to apply over the telephone and get immediate access to medication.

Applicants meeting the eligibility criteria are immediately approved for a 30-day supply of medication over the phone. The applicants must then visit their physician's office to get their prescriptions and completion of the application forms. Once they have their prescriptions, they can pick up a 30-day supply of medication from a participating pharmacy. The pharmacy charges the applicant a dispensing fee of \$5.

As soon as Pharmacia receives the application forms, the approval determination for a continued supply is conducted. This usually takes around 3-4 weeks. Pharmacia then mails the pharmacy card directly to the patient.

Other PAPs should implement a similar system to ensure that applicants have speedy access to medication.

Conclusion

The pharmaceutical industry is the most profitable industry in the United States. They continue to see record profits at the expense of the American consumer and therefore have the responsibility to keep medicine affordable for all people, especially for our low-income consumers. It is not enough for pharmaceutical companies to proclaim corporate responsibility as a public relations ploy; they must back it up with real action. Working to maximize the potential of PAPs would be a start.

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