

STATISTICAL BRIEF #186

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The Top Five Outpatient Prescription Drugs Ranked by Total Expense for Medicare Beneficiaries, by Insurance Status, 2004

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Introduction

This Statistical Brief provides information on the top five outpatient prescription medicines ranked by total expenditures and insurance status for the Medicare population, as reported by households in the U.S. civilian noninstitutionalized (community) population in calendar year 2004. The brief also provides information on average total payments and average out-of-pocket payments per purchase for the top five drugs for Medicare beneficiaries, by insurance status.

The estimates in this brief are derived from the Household Component of the 2004 Medical Expenditure Panel Survey (MEPS-HC). Only prescribed medicines purchases in an outpatient setting are included in the estimates. Insulin and diabetic supplies and equipment are included in MEPS prescribed medicines estimates. Over-the-counter medicines are excluded from these estimates as are prescription medicines administered in an inpatient setting or in a clinic or physician's office. All differences discussed in the text are statistically significant at the 0.05 percent level.

Findings

In 2004, the top five household-reported prescribed medicines when ranked by annual expenditures for Medicare beneficiaries with any private insurance included the following:

2004 MEPS-HC Prescribed Medicines:
Top five prescribed medicines ranked by total expenditures for the Medicare and any private insurance population

Rank	Prescribed medicine name	Total dollars (in billions)	Average price per drug purchase	Average out-of-pocket payment per drug purchase
1	Lipitor	\$2.61	\$106.35	\$56.76
2	Zocor	\$1.62	\$121.52	\$60.89
3	Plavix	\$1.02	\$127.16	\$60.19
4	Norvasc	\$.89	\$70.54	\$35.21
5	Nexium	\$.85	\$139.73	\$87.93

Highlights

- In 2004, when ranked by total expenditures, Lipitor ranked first in all three insurance categories for the Medicare population: Medicare and any private insurance (\$2.6 billion), Medicare and public insurance only (\$1.1 billion), and Medicare only (\$.98 billion).
- When ranked by total expenditures in 2004, three drugs (Lipitor, Zocor and Plavix) made the top five rankings for all three insurance categories for the Medicare population.
- Among the three drugs that made the top five in each of the Medicare population insurance categories (Lipitor, Zocor, and Plavix), the average out-of-pocket payment for Plavix was higher for those with Medicare only (\$88.93) than those with Medicare and any private insurance (\$60.19) and those with Medicare and public insurance only (\$19.41), for those with at least one drug purchase.
- Among the three drugs that made the top five in each of the Medicare population insurance categories, the average out-of-pocket payment for Zocor was higher for those with Medicare only (\$70.86) than those with Medicare and public insurance only (\$37.82), and the average out-of-pocket payment for Lipitor was higher for those with Medicare only (\$78.45) than those with Medicare and private insurance (\$56.76), for those with at least one drug purchase.
- Zyprexa, an atypical antipsychotic, made the top five ranking for only one Medicare population status insurance category in 2004—Medicare and public insurance only, ranking second at \$.46 billion.

In 2004, two cholesterol-reducing medicines ranked first and second in terms of total expenditures for the Medicare and any private insurance population: Lipitor was first with \$2.61 billion and Zocor was second with \$1.62 billion. Plavix, an antiplatelet drug ranked third at \$1.02 billion, and Norvasc, a calcium channel blocker, ranked fourth at \$.89 billion. Rounding out the top five was Nexium, a proton pump inhibitor, with \$.85 billion. The combined expenditures for the top five drugs totaled \$6.99 billion and accounted for 16.2 percent of the \$43.06 billion total drug expenditures for Medicare beneficiaries with any private insurance.

Norvasc had the lowest average total payment per drug purchase (\$70.54) as compared with the other drugs ranked in the top five for Medicare beneficiaries with any private insurance in 2004. In addition, the average total payment per purchase for Lipitor (\$106.35) was lower than the average total payment per purchase for Zocor (\$121.52), Plavix (\$127.16), and Nexium (\$139.73).

Norvasc had the lowest average out-of-pocket payment per drug purchase (\$35.21) as compared with the other drugs ranked in the top five for Medicare beneficiaries with any private insurance in 2004. In addition, Nexium had a higher out-of-pocket payment (\$87.93) than Zocor (\$60.89) and Plavix (\$60.19).

In 2004, the top five household-reported prescribed medicines when ranked by annual expenditures for Medicare beneficiaries with additional public insurance only included the following:

**2004 MEPS-HC Prescribed Medicines:
Top five prescribed medicines ranked by total expenditures
for the Medicare and public insurance only population**

Rank	Prescribed medicine name	Total dollars (in billions)	Average price per drug purchase	Average out-of-pocket payment per drug purchase
1	Lipitor	\$1.10	\$114.50	\$43.17
2	Zyprexa	\$.46	\$240.81	\$18.98
3	Prevacid	\$.44	\$139.71	\$15.02
4	Plavix	\$.40	\$123.81	\$19.41
5	Zocor	\$.40	\$122.14	\$37.82

In 2004, two cholesterol-reducing medicines ranked first and fifth in terms of total expenditures for the Medicare and public only insurance population: Lipitor was first with \$1.10 billion and Zocor was fifth with \$.40 billion. Ranking second was Zyprexa, an atypical antipsychotic, with \$.46 billion. Prevacid, a proton pump inhibitor, ranked third with \$.44 billion and Plavix, an antiplatelet drug, ranked fourth at \$.40 billion. The combined expenditures for the top five drugs totaled \$2.80 billion and accounted for 15.6 percent of the \$17.91 billion total drug expenditures for Medicare beneficiaries with additional public insurance only.

The average total payment per purchase for Zyprexa (\$240.81) was higher than the average total payment for Lipitor (\$114.50), Plavix (\$123.81), and Zocor (\$122.14) for Medicare beneficiaries with additional public insurance only in 2004. In addition, Prevacid (\$139.71) had a higher average total payment than Plavix (\$123.81).

In 2004, the top five household-reported prescribed medicines when ranked by annual expenditures for Medicare beneficiaries with Medicare only included the following:

**2004 MEPS-HC Prescribed Medicines:
Top five prescribed medicines ranked by total expenditures
for the Medicare only population**

Rank	Prescribed medicine name	Total dollars (in billions)	Average price per drug purchase	Average out-of-pocket payment per drug purchase
1	Lipitor	\$.98	\$97.75	\$78.45
2	Nexium	\$.58	\$201.68	\$185.41
3	Zocor	\$.54	\$107.65	\$70.86
4	Plavix	\$.47	\$116.36	\$88.93
5	Norvasc	\$.42	\$67.76	\$57.69

In 2004, two cholesterol-reducing medicines ranked first and third in terms of total expenditures for the Medicare only population: Lipitor was first with \$.98 billion and Zocor was third with \$.54 billion. Nexium, a proton pump inhibitor, ranked second with \$.58 billion. Rounding out the top five was Plavix, an antiplatelet drug, which ranked fourth at \$.47 billion and Norvasc, a calcium channel blocker, which ranked fifth with \$.42 billion. The combined expenditures for the top five drugs totaled \$2.99 billion and accounted for 14.2 percent of the \$21.00 billion total drug expenditures for the Medicare population with Medicare only.

The average total payment per purchase for Nexium (\$201.68) was higher than the average total payment for any other drug in the top five for the Medicare population with Medicare only in 2004. The lowest total average payment was for Norvasc at \$67.76.

During 2004, the average out-of-pocket payment per purchase was highest for Nexium (\$185.41) for the Medicare population with Medicare only. In addition, Norvasc had a lower average out-of-pocket payment per purchase (\$57.69) than Lipitor (\$78.45) and Plavix (\$88.93).

Comparisons of average total payment per purchase and average out-of-pocket payment per purchase for drugs making the top five in one or more insurance status category

When comparing the three insurance status groups for the Medicare population in 2004, three drugs were common to all three: Lipitor, Zocor, and Plavix. For Lipitor, there was no significant difference in the average total payment per purchase when compared by insurance status. However, when looking at the average out-of-pocket payment per purchase for Lipitor, those with Medicare only had a higher average out-of-pocket payment (\$78.45) than those with Medicare and any private insurance (\$56.76).

For Zocor, when comparing by insurance status for Medicare beneficiaries, there were no statistically significant differences in the average total payment per purchase in 2004. However, when comparing the average out-of-pocket payment per purchase for Zocor by insurance status for Medicare beneficiaries, those with Medicare only had a higher average out-of-pocket payment (\$70.86) than those with Medicare and any additional public insurance (\$37.82).

In 2004, for Plavix, there were no statistically significant differences in the average total payment per purchase when comparing Medicare beneficiaries by insurance status. However, when comparing the average out-of-pocket payment per purchase by insurance status, those with Medicare only had a higher average out-of-pocket payment for Plavix (\$88.93) than those with Medicare and any private insurance (\$60.19) and those with Medicare and public insurance only (\$19.41). Moreover, the average out-of-pocket payment for Plavix was higher for those with Medicare and any private insurance than those with Medicare and public insurance only.

Two prescribed drugs (Nexium and Norvasc) were common to the top five rankings for Medicare beneficiaries with Medicare only and those with Medicare and any private insurance. For both Nexium and Norvasc, there was no statistically significant difference in the average total payment per drug purchase when comparing the two insurance groups. However, for both drugs, the average total out-of-pocket payment per purchase was higher for those with Medicare only (Nexium, \$185.41; Norvasc, \$57.69) than those with Medicare and any private insurance (Nexium, \$87.93; Norvasc, \$35.21).

Definitions/Methodology

Medicare population

The Medicare population was defined as those reporting Medicare coverage at any time in 2004.

Health insurance status

Respondents were asked about health insurance coverage for themselves and all household members at each round of interviewing. The insurance variables reflect supplemental coverage, in addition to Medicare, that beneficiaries had for hospital and physician services. Persons categorized as having supplemental insurance coverage may or may not have coverage for prescription drugs. The insurance categories are mutually exclusive and hierarchical. Persons with more than one type of supplemental coverage were placed into an insurance category in the following order:

- Medicare and private insurance: This category includes persons classified as Medicare beneficiaries and covered by Medicare and a supplementary private policy.
- Medicare and other public insurance: This category includes persons classified as Medicare beneficiaries who met both of the following criteria: 1) they were not covered by private insurance at

- any point during the year, and 2) they were covered by one of the following public programs at any point during the year: Medicaid, other public hospital/physician coverage.
- Medicare only: This category includes persons classified as Medicare beneficiaries but not classified as Medicare and private insurance or as Medicare and other public insurance. This group includes persons who were enrolled in Medicare HMOs and persons who had Medicare fee-for-service coverage only.

Out-of-pocket payments

The out-of-pocket category includes payments by user or family.

Expenditure rankings

Expenditure rankings are based on drug name. Generic and brand name drugs with the same active ingredient are not combined into one category.

About MEPS-HC

MEPS-HC is a nationally representative longitudinal survey that collects detailed information on health care utilization and expenditures, health insurance, and health status, as well as a wide variety of social, demographic, and economic characteristics for the civilian noninstitutionalized population. It is cosponsored by the Agency for Healthcare Research and Quality and the National Center for Health Statistics.

For more information about MEPS, call the MEPS information coordinator at AHRQ (301-427-1406) or visit the MEPS Web site at <http://www.meps.ahrq.gov/>.

References

For a detailed description of the MEPS survey design, sample design, and methods used to minimize sources of nonsampling error, see the following publications:

Cohen, J. *Design and Methods of the Medical Expenditure Panel Survey Household Component*. MEPS Methodology Report No. 1. AHCPR Pub. No. 97-0026. Rockville, Md.: Agency for Health Care Policy and Research, 1997.

Cohen, S. *Sample Design of the 1996 Medical Expenditure Panel Survey Household Component*. MEPS Methodology Report No. 2. AHCPR Pub. No. 97-0027. Rockville, Md.: Agency for Health Care Policy and Research, 1997.

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