

# Understanding How Formulary Pricing Models Shape Medication Accessibility and Financial Burden for Aging Populations

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## Introduction

- Differences in formulary drug tiers influence seniors' access to affordable medications, impacting adherence and health outcomes.
- An analysis of Medicare formularies for Alzheimer’s, COPD, Rheumatoid Arthritis, Ischemic Heart Disease, and Type 2 Diabetes uncovers cost and access disparities.
- The study emphasizes the importance of implementing fair policies to enhance access and reduce financial strain on older adults.
- Tackling formulary inequalities is vital to better support the aging population and address related health and economic challenges.

## Objectives

- To assess how Medicare formulary tiers influence medication affordability and accessibility for elderly patients with chronic conditions in NYC.
- To recognize disparities in tier placement that impact treatment adherence and promote fair healthcare policies.

## Methodology

- Reviewed Medicare formularies in NYC to evaluate tier placements for medications treating Alzheimer’s dementia, COPD, Rheumatoid Arthritis, Ischemic Heart Disease, and T2DM, with a focus on affordability and access.
- Identified the three most commonly prescribed, clinically effective drugs for each condition using data from disease-specific organizations and relevant literature.
- Performed an economic analysis of monthly drug costs by utilizing insurance data, pharmacy price lists, and healthcare databases to assess financial burdens and pricing disparities.
- Assessed the impact of tier placement on accessibility, affordability, and adherence by analyzing cost distribution patterns and economic inequalities.
- Connected findings to patient adherence and health outcomes, incorporating insights from literature and case studies to demonstrate the real-world effects of tier-based drug pricing.

## Outcomes

- The findings emphasize the importance of implementing stronger healthcare policies that enhance price transparency and prevent the inappropriate placement of essential medications, especially generics, in higher formulary tiers.
- Resolving tier disparities could ease financial strain on elderly patients, improving their access to affordable treatments for chronic conditions such as Alzheimer’s, COPD, and rheumatoid arthritis.
- Lowering out-of-pocket expenses and minimizing tier-related barriers may enhance medication adherence, contributing to improved health outcomes and reduced long-term healthcare expenditures for seniors.
- Formulary inequalities disproportionately affect dual-eligible Medicare and Medicaid patients, underscoring the need for targeted strategies to support this vulnerable population.

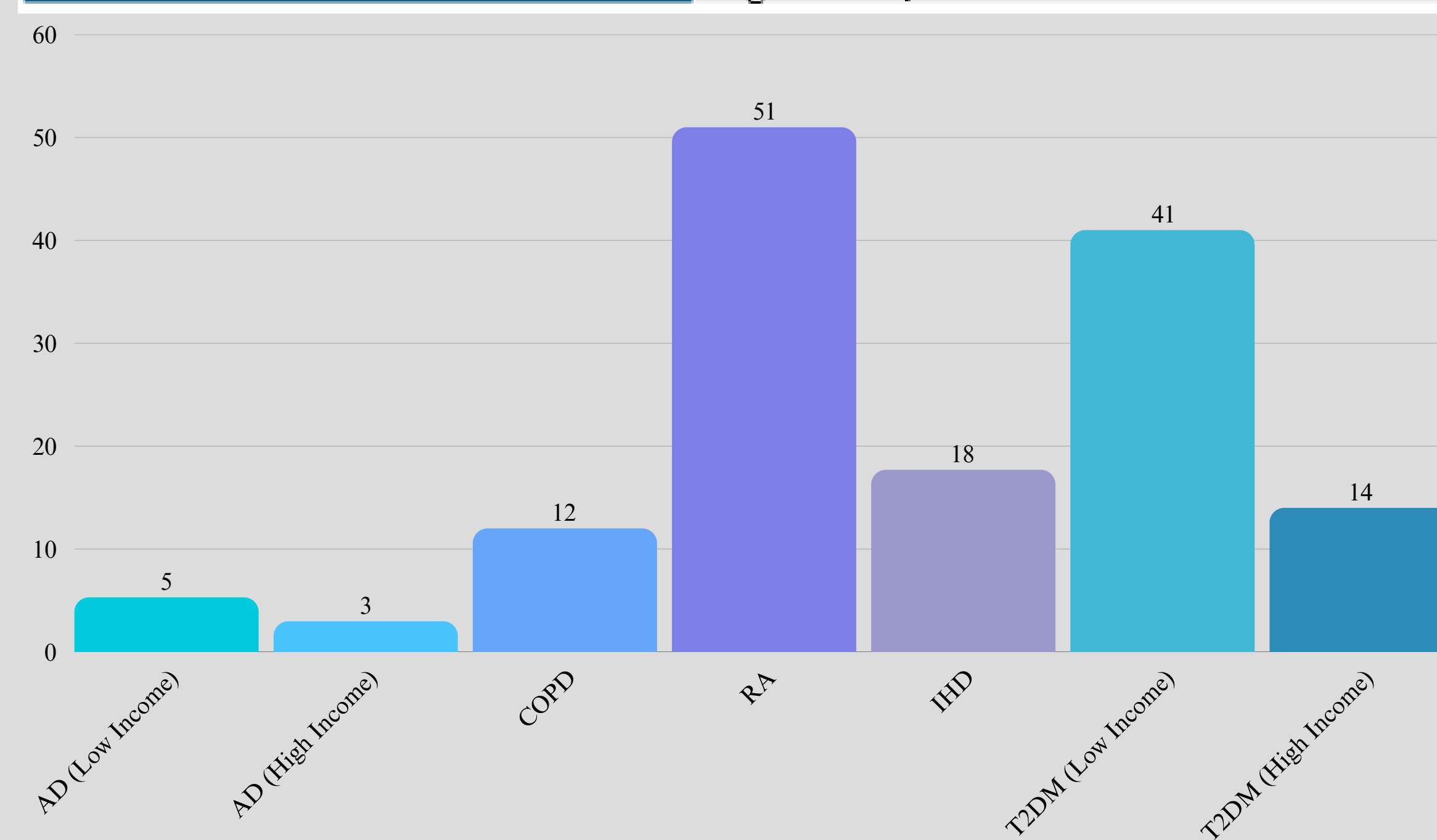
## Results

### Prevalent Chronic Diseases and Their Standard Medications

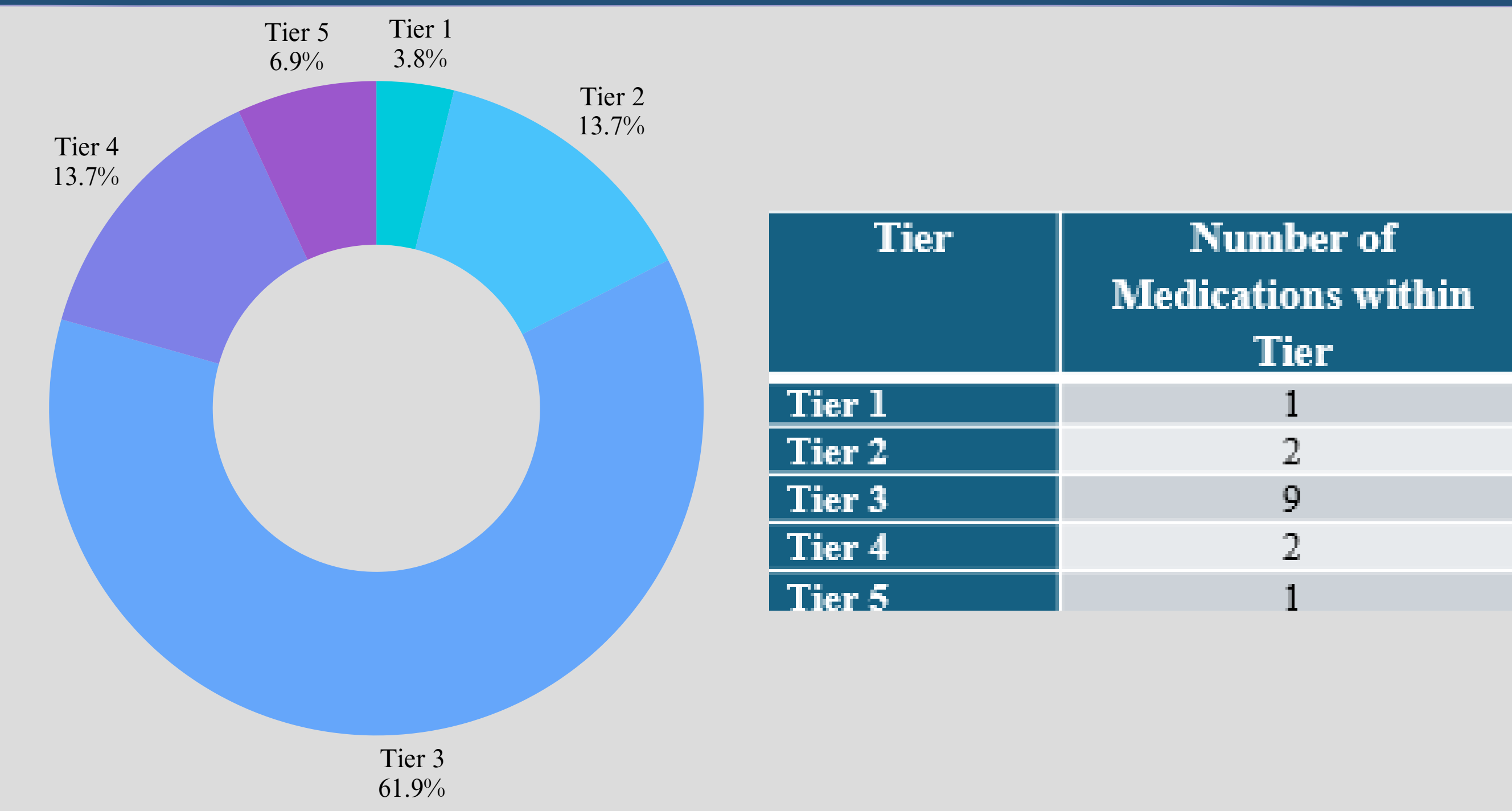
Chronic Condition	Medication	Average Monthly Drug Cost (Qty. of 30-Day Supply)	Average Yearly Drug Cost	Tier Placement
Alzheimer’s Dementia	Galantamine	\$102.61	\$1,231.32	3
	Rivastigmine	\$3.69	\$44.28	4
	Memantine	\$3.09	\$37.08	4
Chronic Obstructive Pulmonary Disorder	Symbicort	\$281.14	\$3,373.68	3
	Trelegy Ellipta	\$124.81	\$1,497.68	3
	Breztri	\$123.65	\$1,483.78	3
Rheumatoid Arthritis	Naproxen	\$2	\$24	1
	Methotrexate	\$9.35	\$112.20	2
	Humira	\$277.21	\$3,326.51	5
Ischemic Heart Disease	Eliquis	\$154.39	\$1,852.72	3
	Plavix	\$2	\$24	2
	Entresto	\$70.83	\$850	3
Diabetes Mellitus Type 2	Basaglar	\$78.33	\$939.96	3
	Steglatro	\$428.40	\$5,140.80	3
	Jardiance	\$100.54	\$1,206.46	3

### Incidence of the Top 5 Chronic Diseases Among NYC Seniors

Medical Afflictions experienced by those 65 years and Older in NYC		
Ailments	Reported Statistics	
Alzheimer/Dementia* (Reported per 100,000 individuals)	Low Income;	5.3%
	High Income;	2.97%
Chronic Obstructive Pulmonary Disease		12%
Rheumatoid Arthritis		51%
Ischemic Heart Disease		17.7%
Diabetes Mellitus Type 2	Low Income;	41%
	High Income;	14%



## Stratification of Medication Tiers



## Conclusions

- Inequities in formulary tier placement have a significant impact on the affordability and accessibility of medications for elderly patients with chronic conditions, often resulting in poor adherence and negative health outcomes.
- The study highlights the urgent need for fair healthcare policies that enhance access to essential medications by ensuring reasonable pricing for generics and greater price transparency.
- Targeting these disparities is crucial for dual-eligible Medicare and Medicaid patients, who face heightened financial challenges, to alleviate economic burdens and support better health outcomes in the aging population.

## Recommendations

- Adopt best practices from international models like the UK's NICE and Canada's PMPRB to develop a U.S. framework for health technology assessments and maximum pricing regulations for both brand-name and generic medications.
- Require transparent disclosure of drug prices across all levels of the healthcare system, enabling patients and providers to make informed choices and minimizing unexpected financial challenges.
- Promote the use and formulary placement of generics in cost-effective tiers, ensuring their accessibility as affordable alternatives to brand-name medications.
- Implement stringent policies to prevent the unwarranted categorization of generics in higher formulary tiers, ensuring equitable pricing and improved affordability for patients.

## References

