



# In the Loop

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## The Impact of Rising Prescription Drug Costs

Global spending on prescription drugs will reach nearly \$1.8 trillion by 2026, with the United States alone spending up to \$715 billion, according to the IQVIA Institute for Human Data Science. Furthermore, the global medicine market is expected to grow at a 3% to 6% compound annual growth rate through 2026. As prescription drug costs continue to increase, it's important to understand the trends causing the increase and how to better manage your health care expenses.

### Why Are Prescription Drug Prices on the Rise?

Skyrocketing specialty drug costs have significantly contributed to the price of prescription drugs overall. Additionally, as the patient population expands and people age into chronic, complex diseases, increased utilization has contributed to rising costs. Other factors contributing to rising drug prices include increased production of specialty drugs to meet complex market needs and patients' failure to follow physician orders, which can contribute to more costly health problems down the road.

A 2023 survey from the Business Group on Health found that prescription drugs were a significant driver of health care costs in recent years. According to the survey results, prescription drugs accounted for **21%** of employers' health care costs, and **56%** of pharmacy costs were spent on specialty medications.

## Five Strategies to Help Reduce Your Prescription Drug Costs

As prescription drug costs increase, it's critical that you find ways to keep your medications affordable and accessible. Consider the following five strategies to mitigate the financial burden of rising prescription drugs costs:

- 1. Purchase generic medications.** Using generic medications can significantly reduce the costs of medications while providing care as safe and effective as brand name medications.
- 2. Ask about medication options.** Typically, there are multiple medications that can treat the same condition. Ask your health care provider, pharmacist or insurance provider whether there are any cheaper alternatives that provide equally effective care.
- 3. Contact a different pharmacy.** The costs of medications can vary greatly between pharmacies. Comparing drug prices offered by pharmacies can help you reduce your prescription drug costs.



4. **Use coupons.** Many drug manufacturers offer coupons to help reduce prescription drug costs. Using these coupons can help keep your medications affordable. Additionally, some drug manufacturers offer patient assistance programs that can help uninsured or low-income patients lower their prescription drug costs.
5. **Take your medications.** One of the most effective ways to reduce your health care expenses is by staying healthy. Ensuring that you take your prescriptions as directed can help you stay healthy and avoid more serious and expensive outcomes, such as hospitalizations.

Being aware of prescription drug trends and relying on these strategies can help you mitigate the impact of rising drug costs.

## What You Should Know About Medicare Enrollment

Medicare is health care coverage for those age 65 and older. It's important to understand Medicare enrollment and coverage options to avoid penalties down the road. Whether you're reaching the age of 65 or you're older and switching from your workplace insurance to Medicare, it's important to know how to navigate enrollment.

### Understanding Medicare

Medicare consists of several parts, including the following:

- **Part A (hospital insurance)** can help cover inpatient care in hospitals, nursing facilities, hospice and home health care.
- **Part B (medical insurance)** may help pay for services from doctors and health providers, outpatient care, home health care, certain medical equipment and preventive services.

- **Part C (Medicare Advantage)** is a bundled plan that includes Part A, Part B and sometimes Part D. This coverage often includes benefits such as vision, hearing and dental. These plans are only available through private insurers.
- **Part D (drug coverage)** can assist with prescription drug costs, including recommended shots or vaccines. You need to have Part A and B (Original Medicare) to enroll in Part D coverage or join a Medicare Advantage Plan.
- **Medigap** may help pay for additional out-of-pocket costs in Original Medicare, such as coinsurance.

The parts of Medicare you should enroll in are dependent on your health care needs. If you're unsure of which coverage best suits your needs, reach out to your provider to discuss your options.

### Key Enrollment Periods

You can only enroll in Medicare at certain times of the year and under certain qualifications. The following are times for enrollment:

- **Initial Enrollment Period**—This enrollment period starts three months before you turn 65 and runs an additional three months afterward. During that time, you can enroll in Medicare Parts A and B, Medicare prescription drug coverage (Part D) and Medicare Advantage (Part C).
- **Medicare Supplement Open Enrollment Period**—This enrollment period is for those looking to supplement Original Medicare. As long as you have signed up for Medicare Part B, you can purchase a supplemental plan during the six-month enrollment period. This enrollment period starts the first day of the month you turn 65 and lasts six months.





- **General Enrollment Period**—This enrollment period is available for Medicare Part A and/or Part B between Jan. 1 and March 31 of each year. You can enroll during this period if you didn't sign up when first eligible or you're not eligible for a Special Enrollment Period (SEP).
- **Annual Enrollment Period**—This enrollment period is for anyone who wants to make changes to their current coverage. The enrollment period is from Oct. 15 to Dec. 7 each year. During the Annual Enrollment Period, you can switch from Original Medicare to Medicare Advantage (or vice versa), add or drop a Medicare prescription drug plan or switch to a new plan from your current insurer or to a new insurer.
- **Medicare Advantage Enrollment Period**—This enrollment period begins Jan. 1 and ends March 31 each year. This enrollment period allows for those enrolled in Medicare Advantage to either enroll in another Advantage Plan with or without prescription drug coverage or Original Medicare.
- **SEP**—This enrollment period allows you to switch or drop a Medicare Advantage or prescription drug plan outside of the traditional enrollment periods. Certain events must occur to qualify for SEP, such as moving out of your plan's service area; moving into or out of a nursing facility, rehab facility or other long-term care facility; or changing employment or your employer-provided plan ends.

### Takeaways

Medicare enrollment can be confusing, so it's important to know all the health care and enrollment options before you get started. If your time for enrollment is coming up, reach out to a provider to get started, especially if you have further questions. Reach out today to avoid future penalties.

