



Highlights of [GAO-03-912](#), a report to congressional requesters

## Why GAO Did This Study

While prescription drugs have become an increasingly important part of health care for the elderly, more than one-quarter of all Medicare beneficiaries have no prescription drug coverage.

Over the past decade, private companies and not-for-profit organizations have sponsored prescription drug discount cards that offer discounts from the prices the elderly would otherwise have to pay for their prescriptions. These cards are typically administered by pharmacy benefit managers (PBM). Pharmaceutical manufacturers also sponsor and administer their own discount cards.

The Administration has been interested in endorsing specific drug cards for Medicare beneficiaries to make the discounts more widely available. Legislative proposals in the Senate and House of Representatives have included drug cards as a means to lower prescription drug prices for Medicare beneficiaries.

GAO was asked to examine how existing drug discount cards work and the prices available to card holders. Specifically, GAO evaluated the extent to which PBM-administered drug discount cards offer savings off non-card prices at 40 pharmacies in California, North Dakota, and Washington, D.C., and the differences between PBM-administered cards and cards sponsored by pharmaceutical manufacturers.

[www.gao.gov/cgi-bin/getrpt?GAO-03-912](http://www.gao.gov/cgi-bin/getrpt?GAO-03-912).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Laura A. Dummit at (202) 512-7119.

# PRESCRIPTION DRUG DISCOUNT CARDS

## Savings Depend on Pharmacy and Type of Card Used

### What GAO Found

Medicare beneficiaries can receive prices with prescription drug discount cards at retail pharmacies that are generally lower than those available to seniors without cards. Prices available for a particular drug tend to be similar across PBM-administered cards. Savings from PBM-administered cards, however, can differ because retail pharmacy prices vary widely. For example, in Washington, D.C., which had the highest median retail pharmacy prices of the three areas GAO surveyed, median savings using a PBM-administered card ranged from \$2.09 to \$20.95 for a 30-day supply of the nine drugs frequently prescribed for the elderly that GAO examined. This was after accounting for the 10 percent discount for senior citizens given by each of the 14 surveyed pharmacies. Savings in California with the use of a card tended to be lower because 10 of the 13 California pharmacies GAO surveyed participated in the state's Medicaid program (Medi-Cal) and are required to give Medicare beneficiaries the Medi-Cal price. For seven of the nine drugs, savings ranged from \$0.44 to \$13.06. For the other two drugs the cards offered no savings at Medi-Cal-participating pharmacies because the Medi-Cal prices were lower than the median price available with a PBM-administered card. Savings in North Dakota for the nine drugs ranged from \$0.54 to \$7.72 even though 10 of the 13 pharmacies there did not offer a senior discount. Any savings achieved with a card are reduced by the annual or one-time fee charged by the PBM-administered cards. Prices available with a pharmaceutical-manufacturer-sponsored card for a particular drug are typically lower than prices obtained using PBM-administered cards, and are often a flat price of \$10 or \$15.

PBM-administered cards differ from pharmaceutical-manufacturer-sponsored cards with respect to eligibility and the range of drugs they cover, as well as the price available with the card. PBM-administered discount cards are available to all adults and can be used to purchase most outpatient prescriptions. Pharmaceutical-manufacturer-sponsored cards are available only to Medicare beneficiaries with incomes below a certain level who have no prescription drug coverage and can be used to purchase only outpatient prescription drugs produced by the sponsoring manufacturers.