





Medication rebates and health disparities: Mind the gap

Leah L. Zullig^{a, b}, Bradi B. Granger^c, Helene Vilme^b, Megan M. Oakes^b, Hayden B. Bosworth^{a, b, c, d}  

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Abstract

Compared to white patients in the United States, people of racial and ethnic minority groups face higher rates of chronic disease including diabetes, obesity, stroke, cardiovascular disease and cancer. Minority groups are also less likely to receive medication therapy to manage complications of chronic disease as well as be adherent to these therapies. A recently announced proposed rule by the Department of Health and Human Services Office of the Inspector General (HHS OIG), which would discourage rebates between manufacturers and payers in favor of discounts directly provided to patients, has received significant attention for its anticipated impact on prescription drug pricing and reimbursement in Medicare. This commentary describes the proposed rule and how it may impact adherence among patients of racial minority groups through an illustrative case study and discussion.

Introduction

Within the United States, disparities in chronic disease prevalence and management have been a persistent problem. People of racial and ethnic minority groups face higher rates of chronic disease including diabetes, obesity, stroke, cardiovascular disease and cancer as compared to whites.^{1,2} For diabetes in particular, African Americans have a 77% higher risk of being diagnosed compared to whites.^{1,2} Minority groups are also less likely to receive or be adherent to medication therapy to manage complications of chronic disease. Medication out-of-pocket cost has been identified as a major contributor to these disparities. A recently announced proposed rule by the Department of Health and Human Services Office of the Inspector General (HHS OIG), which would discourage rebates between manufacturers and payers in favor of discounts provided directly to patients in Part D and Medicaid managed care, has received significant attention for its anticipated impacts on out-of-pocket costs for prescription drugs as well as pricing and market competition.³ While there is overarching consensus in policy communities that this change would lead to reduced patient cost sharing for drugs in areas that are heavily rebated today, such as diabetes, cardiovascular, and autoimmune diseases, we argue that this rule also likely will help reduce disparities in chronic disease by improving patient access to medicines and subsequent adherence.

Section snippets

Disparities in health care access

Health disparities occur when treatment advances, such as medications and other therapeutic interventions, are not conferred equitably across all segments of society. Patients' out-of-pocket costs pose a substantial barrier to accessing high quality care long-term and are a contributor to health disparities.⁴ Evidence suggests that racial and ethnic minorities who suffer from one or two chronic conditions pay double the out-of-pocket costs.⁵ African Americans and Hispanics are 10–40% less...

Indirect benefit for patients

People who experience problems with access to care will often “shop around” to find the most inexpensive option to purchase their prescription medications. Unfortunately, “shopping around” does not address one of the most critical aspects that determines a patient's out-of-pocket costs for prescription drugs. Under the current system, when patients pay for a prescription medication with coinsurance (e.g., paying 20% of the price), under a high deductible, or without insurance at all, their cost ...

Case study

Geographic and racial disparities in care, and access to prescription medications in particular, have been widely documented.^{15,16} While problems with medication adherence are multifaceted,¹⁷ for the purpose of our discussion, we focus on a hypothetical patient's medication out-of-pocket cost in the context of proposed rebate reform.

To illustrate the potential implications of reform in Medicare Part D to pass rebates on to patients, considered here are each of the five dimensions of access from ...

Discussion

The proposed rebate rule is expected to transform the competitive dynamics of the drug market and while many of the implications for price, coverage, and spending are uncertain, the potential to reduce out-of-pocket costs for chronic disease treatment affecting many racial and ethnic minorities is hopeful. The prevalence and undertreatment of diabetes, cardiovascular disease, and respiratory diseases are higher among Hispanic and African American populations relative to whites. Rebates are...

Conclusion

The HHS OIG proposed rule could significantly improve affordability for patients taking medicines for chronic conditions. Because issues impacting cost and adherence are complex, this will be an important step in reducing disparities, but should not be viewed as a “silver bullet” solution to eradicate disparities in access and adherence to medication. It will also be important to assess for unintended consequences of the proposed rule. In summary, improving patients' access to medications via...

Acknowledgements

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