Cost-effectiveness of medicare drug plans in schizophrenia and bipolar disorder

A new study published online today in the American Journal of Managed Care found that in Medicare Part D, generic drug plans are associated with lower health care costs and better quality of care for individuals with severe mental disorders such as bipolar and schizophrenia.

The study, led by researchers from the University of Pittsburgh School of Medicine, the Pitt Graduate School of Public Health, and Western Psychiatric Institute and Clinic of UPMC, notes that policymakers and insurers should consider generic-only coverage, rather than no gap coverage, to both conserve health care resources and improve health.

Medicare Part D offers prescription drug coverage for Medicare beneficiaries and since the program's inception in 2006, many beneficiaries have entered the coverage gap, or "doughnut hole," in which they pay 100 percent of medication costs out-of-pocket. About one-third of all Medicare beneficiaries enter this coverage gap each year, and once there, they often reduce medication use, which may lead to increases in hospitalization and medical spending.

"This coverage gap is an even larger concern for Medicare beneficiaries with severe mental disorders such as bipolar and schizophrenia," said Brenda L. Clark, Ph.D., a professor of psychiatry and chief of geriatric psychiatry at the University of Pittsburgh and chief editor of the study. "The cost-effectiveness analysis of the study is an unconventional yet instructive way to inform managed care decision-making."

Added concerns for mental health patients include:

- Mental health patients are much more likely to enter the "gap": 62 percent of Medicare beneficiaries with bipolar disorder and 56 percent of those with schizophrenia entered the gap in 2007.
- If they discontinue psychotropic medications, they may relapse to more severe episodes and require psychiatric hospitalization.
- They experience high rates of comorbid chronic physical conditions such as heart disease and diabetes, which can be exacerbated by untreated mental illness and increase morbidity, medical spending, and mortality.

The standard Part D benefit in 2007 included four phases: (1) an initial $265 deductible; (2) a period in which beneficiaries paid 50 percent of costs; (3) a catastrophic coverage period where they paid 5 percent of costs; and (4) a catastrophic coverage period where they paid 5 percent out-of-pocket.

Although the study found a number of mental health patients prefer brand-name drug plans to generic-only plans, they noted that policymakers and insurers should consider alternative approaches to coverage, such as expanded generic coverage and reduced or eliminated out-of-pocket costs.

The study was supported by a grant from the National Institute on Ageing, a component of the National Institutes of Health.
Our objective was to examine differences in health outcomes and costs between coverage groups in patients with bipolar disorder and schizophrenia entering the coverage gap. The authors concluded that gaps in coverage for both bipolar disorder and schizophrenia were associated with increased health care utilization and costs. The authors concluded that gaps in coverage for both bipolar disorder and schizophrenia were associated with increased health care utilization and costs.

Of the more than 180,000 patients with bipolar disorder and schizophrenia that were evaluated, 14.6 percent had no gap and 85.4 percent had gaps in coverage. The authors concluded that gaps in coverage for both bipolar disorder and schizophrenia were associated with increased health care utilization and costs. The authors concluded that gaps in coverage for both bipolar disorder and schizophrenia were associated with increased health care utilization and costs.

- In disabled recipients with bipolar disorder and no coverage, costs were $570 per person more than generic coverage ($25,090 annually for no gap coverage compared to $24,520 for generic coverage)

- In an aged recipient with bipolar disorder and no coverage, costs were $563 more per year than generic coverage

- In a disabled recipient with schizophrenia and no coverage, costs were $1,312 more per year than generic coverage

- In an aged recipient with schizophrenia and no coverage, costs were $1,289 more per year than generic coverage

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Collaborators on this study include Seo Hyon Baik, Ph.D., Charles F. Reynolds III, M.D., Bruce L. Rollman, M.D., M.P.H., and Yuting Zhang, Ph.D., all of the University of Pittsburgh.

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