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Some Employers Are Offering Free Drugs

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For years, employers have been pushing their workers to pay more for health care, raising premiums and out-of-pocket medical expenses in an effort to save money for the company and force workers to seek only the most necessary care.

Now some employers are reversing course, convinced that their pennywise approach does not always reduce long-term costs. In the most radical of various moves, a number of employers are now giving away drugs to help workers manage chronic conditions like [diabetes](#), high [blood pressure](#), [asthma](#) and [depression](#).

Major employers like [Marriott International](#), [Pitney Bowes](#), the carpet maker [Mohawk Industries](#) and Maine's state government have introduced free drug programs to avoid paying for more expensive treatments down the road.

Companies now recognize that "if you get people's [obesity](#) down, [cholesterol](#) down, asthma down, you save a lot of

money," said Uwe E. Reinhardt, a health economist at [Princeton University](#).

Despite the Bush administration's efforts to promote "consumer directed" health care, many companies are recognizing the limits to shifting too much of the cost of medical care to employees. Experience, Professor Reinhardt said, is contradicting the theory that "patients will be more prudent shoppers for health care if they ache financially when they ache physically."

Another motive for the business world could be to stave off a greater government involvement in health insurance, now that most presidential candidates and other politicians are promoting health care reform.

Big drug makers like [Pfizer](#) and [Merck](#), which could benefit politically and financially from the employer drug programs, are also supporting the effort.

Richard T. Clark, the chief executive of Merck, made

the political connection in a recent trade journal article. "If we all don't do a better job, the private employer-based market will continue to weaken and the country will move forward toward rationing of care and greater government control, with greater pressure for a single-payer model with price controls," Mr. Clark wrote in the American Journal of Managed Care.

One clear motive is to help workers stay well, averting expensive emergency room care and hospital stays. As health coverage has grown more costly, many people have been skimping on care, and millions of Americans are going without health insurance altogether.

Employers are reacting to a disturbing trend. As most employer-sponsored health plans have raised co-payments sharply for drugs in recent years, employer drug spending has slowed. But total health care spending by employers has nonetheless continued to rise: 7.7 percent last year, or more than double the general inflation rate, according to the Kaiser Family Foundation. The free drug programs are being adopted in hopes of countering the rising costs, taking their place alongside other steps by some employers that have included opening or expanding health

clinics in their factories and offices, and offering checkups and medicines at no cost or for a modest co-payment.

Given the millions of Americans who suffer from [heart disease](#), depression, asthma or diabetes — about one in four working-age adults — the movement toward free drugs and preventive care has the potential to help many people, said Craig Dolezal, a health care specialist at [Hewitt Associates](#), a consulting firm.

Co-payments of \$10 to \$20 a prescription have become typical, while the co-pay for some expensive drugs can be \$50 or more for a month's supply. The new employer programs are waiving those fees.

For people with serious health problems, free medicine is an incentive not only to stay with their prescribed regimens, but also to keep in touch with nurses and pharmacists who monitor changes in their weight, blood pressure and other vital signs.

At the Mohawk Industries carpet factory in Dublin, Ga., about 200 of the 750 employees signed up for free blood pressure and heart drugs last summer after the company held meetings to describe the benefits of lowering blood pressure and cholesterol.

Alan Christianson, Mohawk's benefits administrator, said that the company recognized a few years ago that it could

eventually face health costs so high that employees could not afford insurance. "We felt we had to do something about it," he said.

Peggy Cauley, 36, who supervises a customer service unit at Mohawk's factory, said she was 30 pounds overweight and had spent \$40 a month on blood pressure and heart drugs before she started the program.

Now the drugs are free, and Charles Posey, an independent pharmacist stationed at the plant, monitors her blood pressure and gives advice on "how to maintain my weight," Ms. Cauley said. She has lost 20 pounds, she said, but is "still 10 pounds over my goal."

[Eastman Chemical](#), which is based in Kingsport, Tenn., and has offered free [mammograms](#) for its workers and free vaccines for employees' children, now also provides free drugs and supplies for diabetics under its health plan.

The company is trying "to drive value and to target where care is most needed," said David H. Sensibaugh, the director of integrated health.

The state of Maine found that it was spending more than \$20 million a year on treatment for about 2,000 diabetes patients in the state's health plan, which covers 40,000 employees, retirees and dependents.

About half the diabetics had at least one additional serious problem like heart disease, said Frank

Johnson, the Maine plan's administrator.

Working with [Anthem Blue Cross and Blue Shield](#), a unit of [Wellpoint](#), the state has started offering free drugs and supplies to employees with diabetes who take part in a face-to-face interview with nurse educators and agree to a year of follow-up telephone sessions, Mr. Johnson said.

Benefits executives at dozens of large companies are weighing the initial costs and potential savings of free co-pay programs and other health-plan incentives at seminars, including one last week at the Midwest Business Group on Health in Chicago and another scheduled for next month. There can be perceived drawbacks for employers, according to a recent academic article that was generally favorable toward the programs.

Companies with high rates of worker turnover may believe that they will not get their share of the eventual savings from a free drug program, while smaller employers may fear attracting too many workers with chronic illnesses, according to the article by Michael E. Chernen, a health care policy professor at [Harvard](#), and Dr. Allison B. Rosen and Dr. A. Mark Fendrick, both of the [University of Michigan](#).

Their report was published last month in the online edition of the journal *Health Affairs*.

Later this year, a Marriott executive is to make a presentation at the University of Michigan, where researchers are analyzing Marriott's move to waive co-payments for generic drugs related to heart disease, diabetes and asthma.

"We can see in the preliminary numbers that employees taking part have improved their compliance," said Jill Berger, the vice president for health and welfare at Marriott, which covers

160,000 hotel and resort workers and dependents.

Active Health Management, a health data technology unit of the [Aetna](#) insurance company, has been helping to identify Marriott workers who are eligible to volunteer for the heart, diabetes or asthma programs.

Protecting the privacy of employees is an “enormously important and sensitive issue” in these programs, said Dr. Lonnie Reisman, Active Health’s chief executive.

“We don’t share the health plan members’ data with physicians or anyone else, unless a member explicitly gives permission,” Dr. Reisman said. Only “if we see something that is a real health issue, we will call the doctor without getting permission,” he said.

Dr. Reisman said his company scans records of millions of drug purchases and refills and other medical claims in search of high-risk patients who are candidates for free drugs and other incentives to get their health priorities in order.

Perhaps the oldest free drug program was started 10 years ago with diabetes drugs for city workers in Asheville, N.C. Since then the city has added free drugs for asthma, blood pressure, cholesterol problems and depression.

Patients in the Asheville program agree to meet regularly with

pharmacists who advise and encourage them to take their medicine and adopt healthy habits. The program has been emulated by more than 30 employers nationwide.

Frank Street, 63, a retired employee of the tax collectors office of Polk County in Florida, said he had been getting six free drugs from the county for diabetes and blood pressure for about two years.

“At one point, my blood pressure was so out of whack that they started monitoring it on a daily basis,” Mr. Street said. The program’s records are managed by Thomson Medstat, a health care information firm.

Now his blood pressure is “down to target level,” and he reports once a month to his doctor and Liz Berndt, the program’s pharmacist.

Without the county program, his drug co-payments would total \$110 a month, Mr. Street said.

As employers grapple with rising health costs “and we become more aggressive about cost-shifting to patients,” said Dr. Reisman, the Active Health executive, “it will be important to have this kind of safety net.”