

# THE BENEFITS OF COMPARISON SHOPPING FOR PRESCRIPTION DRUGS: A Report on Consumers' Potential Savings <sup>1</sup>

## INTRODUCTION

Since August 2004, the Attorney General's office has conducted 14 statewide surveys at hundreds of pharmacies across the state and made the prices of 150 commonly prescribed drugs available on the NYAGR<sub>x</sub> website. The surveys have consistently found that prices for commonly prescribed drugs vary greatly among pharmacies in the same city, county or even a ZIPcode. The Attorney General's office sought to determine how much money, on average, consumers using the website might be able to save.

This report is the result of that effort. It analyzes 1,898 prescription drug price comparison searches performed at the Attorney General's website - [www.NYAGR<sub>x</sub>.org](http://www.NYAGRx.org) - during a two week period from January 12, 2006 - January 26, 2006. The analysis reveals that consumers potentially saved an average of \$17.36 per prescription by choosing to buy their medications at the lowest retail prices in their area listed on the website. The total savings for all consumers who comparison shopped for needed medications in their area on the website during this period was potentially as much as \$32,950.

## METHODOLOGY

The Attorney General's Office analyzed 1,898 successful searches for prices of particular prescription drugs conducted during 1,550 unique search sessions between January 12, 2006 and January 26, 2006.<sup>2</sup>

A successful search consists of a searcher performing a single "search and compare drug prices" query on the website.<sup>3</sup> The searcher first selects a single drug and dosage from a drop down menu of 150 frequently prescribed drugs.<sup>4</sup> The searcher then is given three options for

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<sup>2</sup> For the purposes of this report, we only collected and analyzed information about the actual search for drug prices. Data elements included: time of search, drugs and geographic area selected, and pharmacy and price results returned. The data review did not include any personally identifiable information; the NYAGR<sub>x</sub>.org website does not collect it.

<sup>3</sup> Where a consumer performed multiple searches for the same drug during a session, we included only the last successful search to avoid double counting.

<sup>4</sup> N.Y. Education Law § 6826 requires the Board of Pharmacy, the agency charged with licensing pharmacies, to prepare at least annually a Drug Retail Price List which consists of one hundred and fifty most frequently prescribed drugs together with their dosages and quantities for which a prescription is required by the provisions of the Federal Food, Drug, and Cosmetic Act. The drop down menu electronically replicates the state-mandated Drug Retail Price List.

specifying the search criteria to perform a price comparison search: by county, by city name, or by typing a ZIPcode and selecting the distance she is willing to travel from a drop down menu. In each case, the website returns the most recently updated prices for the selected drug at each of the surveyed pharmacies in the chosen geographic area.<sup>5</sup>

We collected the prices of each drug returned by the website to the searcher and calculated the average price of the drug for that unique search by adding the prices from all pharmacies returned by the search and dividing the sum by the number of pharmacies. We call this average price the “Survey Price” in the text and tables below. In using the Survey Price, we are making the assumption that a consumer would have been equally likely to have filled her prescription at each of the pharmacies searched had she not learned of the lowest price pharmacy on NYAGR<sub>x</sub>. We then calculated the difference between the Survey Price and the lowest price to determine the potential savings.<sup>6</sup> To determine the average savings across all searches, we aggregated the savings in each individual search and divided that number by the total number of searches.

We also calculated the percentage savings for each search. This is the difference between the Survey Price and the lowest price, divided by the Survey Price. To calculate the overall average percent savings we added the percentage savings across all searches and divided by the number of searches.<sup>7</sup>

## FINDINGS

Table A below (“Average Potential Savings Per Prescription”) shows the potential savings across 1,898 searches for medications during a two week period, January 12, 2006 - January 26, 2006. The average savings for each search was \$17.36 per prescription and the average percentage savings was 24% per prescription. The aggregate amount of savings that could have been realized if all consumers chose to purchase their medications at the lowest price was \$32,949.89.

Table A also highlights the potential savings for the 10 most frequently searched drugs in the period. Among these drugs, the potential savings varied from 14% for Viagra, a commonly prescribed brand name drug for male impotence, to 53% for Atenolol, a popular generic heart

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<sup>5</sup> The consumer is also allowed to select “All Counties” from the drop-down menu which returns a list of all pharmacies surveyed statewide and their prescription prices. These searches have been excluded from our analysis. The assumption is that a typical consumer would not travel across the state to make prescription purchases.

<sup>6</sup> Of course, we do not know if these savings were actually realized, or even if a purchase occurred.

<sup>7</sup> This method gives equal weight to each search.

drug.<sup>8</sup>

Table B below (“Highest Average Potential Savings Per Prescription”) shows the ten drugs that offered the highest potential average savings per prescription. The maximum potential savings was \$85 per prescription for Depakote, a drug used to treat bipolar disorder, epilepsy, and migraines. For the purposes of this table, only drugs that were queried more than five times were included.

**TABLE A**

**AVERAGE POTENTIAL SAVINGS PER PRESCRIPTION**

[www.NYAGrx.org](http://www.NYAGrx.org)

1/12/06 - 1/26/06

		Difference Between Survey Price and Lowest Price		
	Searches	Average Potential Savings Per Search	Total Potential Savings for All Searches	Average Percentage Potential Savings Per Search
TOTAL SAVINGS - ALL 150 DRUGS	1898	\$17.36	\$32,949.89	24%
Top 10 Most Commonly Searched for Drugs	Searches	Average Potential Savings Per Search	Total Potential Savings Per Drug For All Searches	Average Potential Percentage Savings
LIPITOR 20MG	122	\$18.19	\$2,219.07	15%
LIPITOR 10MG	93	\$14.11	\$1,312.02	16%
FOSAMAX 70MG	66	\$12.99	\$857.57	15%
AMBIEN 10MG	52	\$21.55	\$1,120.59	19%
VIAGRA 50MG	52	\$10.06	\$523.36	14%
ZOCOR 20MG	48	\$39.54	\$1,897.90	25%
NEXIUM 40MG	45	\$25.89	\$1,165.21	17%
PLAVIX 75MG	44	\$26.79	\$1,178.86	18%
ATENOLOL 25MG	37	\$6.42	\$237.53	53%
SYNTHROID 75MCG	37	\$12.49	\$462.24	21%

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<sup>8</sup> Generic drugs can exhibit the most price variability and hence, the sharpest potential percentage savings.

TABLE B

HIGHEST AVERAGE POTENTIAL SAVINGS PER PRESCRIPTION

[www.NYAGRx.org](http://www.NYAGRx.org)

1/12/06 - 1/26/06

Top 10 Highest Potential Savings per Drug w/ More than 5 Searches	Searches	Difference Between Survey Price and Lowest Price		
		Average Potential Savings Per Search	Total Potential Savings per Drug For All Searches	Average Potential Percentage Savings
DEPAKOTE 500MG	8	\$85.08	\$680.65	35%
LAMISIL 250MG	20	\$59.02	\$1,180.35	16%
PREVACID 30MG	31	\$49.27	\$1,527.47	31%
VALTREX 500MG	6	\$43.19	\$259.12	25%
LORAZEPAM 1MG	12	\$40.74	\$488.83	67%
ZOCOR 20MG	48	\$39.54	\$1,897.90	25%
CIPRO 500MG	8	\$34.86	\$278.91	25%
CONCERTA 36MG	7	\$33.83	\$236.79	29%
WELLBUTRIN SR 150MG	24	\$33.49	\$803.73	21%
NEURONTIN 300MG	10	\$33.31	\$333.12	22%

CONCLUSION

The wide price disparities found during the NYAGrx surveys together with this analysis of potential savings to consumers demonstrates the need for easily accessible prescription drug price comparison information in New York State. By comparison shopping among pharmacies, consumers who lack adequate prescription drug coverage can keep their drug costs as low as possible.