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## Scant Drug Benefits Called Costly to Employers

By MILT FREUDENHEIM  
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Health penny wise, medical pound foolish?

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Employers that shift too much of the cost of drugs to workers in their company health plans could wind up losing more than they save, through absenteeism and lost productivity, according to a study by health policy researchers.

The three-year study, to be released today, looked at the medical histories of several thousand workers with a diagnosis of

rheumatoid [arthritis](#). The condition is a painful and incurable disease of the joints, but patients can keep it at bay by taking a special class of drugs.

The cost, as much as \$18,000 a year, can be a big expense for employer health plans. Still, putting too much of the cost burden on the employee can evidently backfire.

Among the 17 employers in the study, conducted by the nonprofit Integrated Benefits Institute, more than half the workers with rheumatoid arthritis were not taking their drugs — in many cases because they considered the out-of-pocket co-payments too high.

As a result, the institute's study found, the employers incurred \$17.2 million in costs from lost productivity, 26 percent more than the estimate of what they would have spent if the workers had taken their arthritis drugs.

The workers' co-payments were relatively low, averaging \$26 for a 30-day supply, indicating a fairly low threshold before out-of-pocket costs prompted workers to forgo medication.

"This is an important study," said Michael Chernew, a health policy economist at Harvard Medical School who was not involved in the arthritis study. "The basic message is very consistent with all the work we have done: co-pays go up, people use their medications less, and bad things happen."

The Integrated Benefits Institute is supported by insurers, drug companies and employers. The information on drug use came from health and disability claims data provided by [UnitedHealth Group's](#) Ingenix unit, which did not identify the 17 companies in the study.

The researchers looked at the number of claims for short-term disability, lasting from a week to six months. Employees who were taking the arthritis pills or injected medications "were less likely to file a claim," said Kimberly Jinnett, research director of the Integrated Benefits Institute who directed the study.

She said the institute's study would be submitted for publication to a peer-reviewed journal.

The arthritis study supports and expands on earlier research that looked at employees of

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[Pitney Bowes](#), the business services company, and the city government of Asheville, N.C. Those studies found improved productivity and lower medical costs after drug co-payments were reduced or eliminated for [diabetes](#), [asthma](#) and heart-related problems.

A growing number of large employers are beginning to consider overall costs, by adding productivity measures to their financial calculus for health care.

“The evidence is compelling that we should be looking at the total health care outcomes picture,” said Dr. Pamela Hymel, the global medical director at the information technology company [Cisco Systems](#), a member of the Integrated Benefits Institute. She said that in her own company’s case, studying employees’ overall health records had alerted Cisco to costly conditions like depression and muscular and skeletal problems affecting some workers’ productivity. The affected employees were encouraged to seek advice from health coaches and to seek treatment, Dr. Hymel said.

Chris McSwain, the compensation and benefits director of another institute member, the [Scana Corporation](#), an electric and gas utility company based in Columbia, S.C., said his company was also mining its health claims data.

Last fall, he said, Scana began combining all its data, including health and medical, pharmacy and disability costs, as well as information from employees’ health questionnaires and programs that manage diseases like diabetes.

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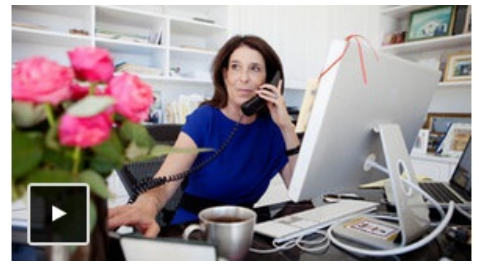
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