

Payment (BHP) and Health Care Expenditure (HCE) were more precise measurements of equity in health care finance and utilization, respectively. The BHP was defined as the ratio of the sum of the premium and out-of-pocket spending to disposable income. We used the 1992–2002 data to examine the following hypotheses at the individual level, categorized into five income quintiles: Hypothesis 1: Equity in BHP and HCE improves after having the NHI program. Hypothesis 2: Equity in BHP and HCE deteriorates with recession. We categorized the data into five income quintiles. **RESULTS:** This study confirms the two hypotheses. NHI can narrow the disparity in medical care equity, but recession can widen it. We found that the BHP was regressive, while the HCE for the poorest is significantly higher than that for the others. We also found that the recession of 2001 had a significantly greater impact on the poor versus the rich quintile. In conclusion, NHI reform is still an unfinished job. **CONCLUSIONS:** The resource allocations need to be rearranged whenever a recession occurs.

#### PHPI1

### ESTIMATING THE ABILITY-TO-PAY FOR HEALTH CARE EXPENDITURES RISING FASTER THAN GDP: AN INTERNATIONAL PERSPECTIVE COMPARING THE USA AND GERMANY

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There is widespread concern over the ability to pay for (“affordability” of) total health care expenditures (THE) rising faster than gross domestic product (GDP). Current predictions of future health spending trends suggest, for the U.S. and Germany alike, that THE growth may exceed GDP growth rates by up to two-percentage points. **OBJECTIVE:** To estimate, from a macro-economic perspective, the extent of future ability to pay, in the United States and Germany, for THE growth outpacing GDP growth by two percentage points and its sensitivity to assumed economic growth rates. **METHODS:** We assumed the upper limit of “ability to pay” to be reached once the increase of THE would fully absorb the growth of GDP, i.e., when non-health spending would stagnate or commence to decline. Using a mathematical model based on this incremental definition of “affordability”, we conducted one-way and two-way sensitivity analyses to examine the relationship between “affordable” THE and GDP growth. **RESULTS:** Under a base case assumption of real per-capita GDP growth rates of 1.2 percent per year, both economies (U.S. and Germany) could afford a two-percentage-point gap between THE and GDP for the next several decades (United States: beyond 2050; Germany: beyond 2060). Two-way sensitivity analysis revealed that higher GDP growth rates resulted in slight increases of this time span only, whereas the time of affordable THE growth exhibited high and asymmetric sensitivity to lower rates of real per-capita GDP growth. **CONCLUSION:** Under the assumption of real per-capita GDP growth rates above one percent annually, societal willingness to pay, not ability to pay, will determine the extent of future THE growth. Future funding of health care will be determined by distributive aspects and the value of health (care), not “affordability”.

#### PHPI2

### FACTORS AFFECTING CONSUMER VIEWS REGARDING GENERIC DRUG SUBSTITUTION PRACTICES: AN EFFECTIVE TOOL TO MANAGE HEALTH CARE COST

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**OBJECTIVES:** Consumer opinions are important to increase use of less expensive generic drugs. The objective of this study was to examine factors that may affect consumer perceptions regarding generic drug substitution practices. **METHODS:** Data were collected from consumers filling prescriptions at 10 Walgreen stores situated around Houston (N = 1000) by administering a survey. Factors such as prior drug purchase behavior and role of pharmacists were measured using four items on a 5-point scale where 1 = never and 5 = always. Consumer perception about generic drugs was measured using a semantic differential scale. A 5-point Likert scale was used to evaluate their perception regarding drug substitution practices. Demographic data such as age, gender, education and income were collected and analyzed to perform descriptive and correlation analyses. **RESULTS:** A total of 505 completed surveys were analyzed. The mean age was (42.63 ± 15.8) years with 90.51% being enrolled in the health plan. Majority were female (62.02%) and fulltime employees (61.9%). Respondents had a positive attitude towards generic drugs (3.84 ± 0.89) and drug substitution practices (3.74 ± 0.79). The correlation analysis indicated a positive correlation between consumers’ .115 perception regarding drug substitution practices and prior use of prescription (r = 0.49, p < 0.05) and non-prescription drugs (r = 0.28, p < 0.05). Although half of the participants (54%) indicated that they never refused their pharmacists for substituting with a generic drug, only 11.20% of the participants indicated being always asked by their pharmacists for such substitution. **CONCLUSIONS:** Consumers’ positive perceptions towards generic drug and generic drug substitution practices could help drug management strategies by managed care organizations to reduce health care costs. Pharmacists may need to be provided incentives to actively promote generic substitution to consumers.

#### PHPI3

### WHO BENEFITS FROM OVER-THE-COUNTER (OTC) MEDICATION COVERAGE IN A STATE MEDICAID PROGRAM?

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**OBJECTIVE:** Texas, compared to many other state Medicaid programs, provides relatively unrestricted coverage of OTC medications that are prescribed by a physician to non-institutionalized clients. We conducted a descriptive analysis to investigate utilization and payment trends for this class of drugs. **METHODS:** A retrospective analysis of Texas Medicaid paid prescription claims for OTC medications dispensed during the first three months of 2003 for Fee-For-Service and Primary Care Case Management clients was conducted. All OTC products were included in the analyses, with the exception of insulin products, and syringes. The association of a claim for an OTC medication as a result of an actual physician visit was also assessed. **RESULTS:** During the study period, there were a total of 609,185 OTC prescription claims (7.1% of total claims) accounting for \$5.1 million in Texas Medicaid payments (1.1% of total pharmacy program payments). The average payment per OTC claim was \$8.44. Acetaminophen and oral liquid electrolytes, alone, accounted for 50.4% of all claims and 59.8% of all payments. Children aged two years or less accounted for 50.1% of all OTC medications dispensed and 49.1% of all OTC payments. A total of 8.8% of all eligible clients aged 18 and under had at least one paid OTC claim during January 2003. Pediatricians, alone, prescribed 50.3% of all OTC medications. We found that 71.1% of the OTC claims were the result of an actual physician office visit. In addition, 84.3% of pharmacy visits for OTC claims also had a claim for a prescription-only