Retailers offering free or $4 drugs
Generic programs elicit healthy smiles

By JON CHAVEZ
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As Robin Blum sat quietly one day last week in the pharmacy area of the Meijer store in Sylvania Township, she was unaware her prescription wouldn't cost her a dime.

The amoxicillin antibiotic she needed for her 15-month-old son, Gabriel, who will soon have ear-implant surgery, was free.

"Really? That's good. That just saves me money," said Ms. Blum, who pays $150 to $200 a month for medicines to help Gabriel, who was born 15 weeks premature.

**LOW COST PRESCRIPTION DRUGS**

Toledo-area residents are the latest to be wooed by U.S. retailers' plan to gain a competitive edge: low-cost or free generic prescription drugs.

Last month, Wal-Mart began offering more than 300 generic drugs for $4 per prescription in Ohio and Michigan.

Days later, Meijer began offering seven common antibiotics for free. Giant Eagle pharmacies went further by first offering free generic antibiotics and prescription cough and cold remedies and then adding 292 generics for $4 each.

Target, which also has a $4 generic program, expanded to Ohio the same week as the Meijer and Giant Eagle programs.

And last summer, Kmart quietly began a program that, for the most part, reduces generic prices to $5 for a monthly dose if customers buy a three-month supply.

The programs were not panaceas for all.

For example, a woman from Woodville, who asked that her name not be used, said she sought a 30-day supply of Ibuprofen from Wal-Mart in Fremont but was denied a free prescription because her prescribed dosage exceeded a normal 30-day dosage.
Steve Woods of Toledo was disappointed that of his four regular prescriptions, only one was eligible for the $4 price at Sam's Club. Other customers, he said, may find the list just as limiting.

"I think there's about 8,300 generic drugs on the market," he said. "That list they gave me only looks like there's a fraction of what's out there."

The Federal Drug Administration has approved 8,700 generic prescription drugs, and critics have noted that the retailer programs offering $4 generics are made up of older drugs in varying forms and dosages. That means the list of cheaper generics actually totals about 140 different drugs and not the 300 or so that the stores claim.

For example, the lists include several variations of amoxicillin, an antibiotic frequently administered to children.

In 2005, generic drug sales in the United States topped $22 billion. Americans use generics to fill more than half of all prescriptions and saved $8 to $10 billion off the cost of more expensive brand-name drugs, government figures show.

The average wholesale price of a 40 milligram dose of fluoxetine, a generic anti-depressant version of Prozac, is $2.48, or about $75 for a 30-day supply, according to Caremark Health Resources Inc., a pharmaceutical services company. For Prozac, the wholesale cost is $3.07, or about $92 for a 30-day supply.

Fluoxetine (40 mg) is being offered by Wal-Mart, Target, and Giant Eagle for $4 for a 30-day supply. According to the state of Florida's survey of generic drug prices, the cheapest 30-day supply of fluoxetine (40 mg) among retailers in the Miami area is $58.

Just 3 1/2 weeks into the new retail programs, stores said the feedback indicates customers are pleased.

"We have heard nothing but 'thank-yous' and surprise. There's been nothing negative," said Stacie Behler, a spokesman for Meijer, which is based in Grand Rapids, Mich. The chain has five stores in metro Toledo.

Wal-Mart said it has filled 2.1 million more prescriptions compared with the same period last year after the September launch of its $4 program, initially in Florida and later in other states. Another 17 generic drugs and more states were added to the program last week.

Officials at Giant Eagle Inc., based in Pittsburgh, said the company has had sizable growth throughout its Ohio market in its program, which was tested initially last month in Toledo and Columbus.

Many customers seem happy.

Tom Cayia, of Maumee, said he had "a wonderful experience at Meijer with the free antibiotics." His health insurance pays up to $2,250 for prescription drugs annually, and he exceeded that limit months ago. He recently got a serious infection and needed an antibiotic that would have cost $33.

At Meijer, he got the drug free and got a second supply free when the infection didn't go away immediately, saving a total of $66.

"Anything you get for free, you're kind of skeptical," he said. "But this sure has worked for me. Being retired, this was really a blessing."

Helen Sniegowski, of Perrysburg, took her adult son, Jeff, to Meijer for amoxicillin to treat his abscessed tooth.

"The lady looked at our prescription and said, 'This is free,'" Mrs. Sniegowski said. "I sat down and looked at Jeff and said, 'Did she just say this was free?' I thought I didn't understand her."

Annette Jones, of Findlay, recently learned she needed to begin taking blood pressure medication regularly. She has no health insurance. But her doctor told her about Wal-Mart's $4 list - and the medicine she needed was on it.

She got a 30-day supply for $2.10, she said.

"I am thankful for the doctor who didn't take offense and was glad to prescribe something reasonably priced," she
Even some who have yet to try such programs are enthusiastic. Toledan Dan Nester, who went shopping last week at Wal-Mart with his three young daughters, said he expected to use the $4 program as cold and flu season progresses.

"That's what Wal-Mart needs to do to take advantage of the position in the market and help bring lower drug prices to the market," he said.

Michelle Irons, a pediatrician at Maumee Bay Pediatrics in Maumee, said she and other doctors have been advising patients to take advantage of the cheaper drug programs.

"I have a lot of working-poor patients now," Dr. Irons said. "The medications are only worth about $2, so even at $4 the stores make money."

However, the low prices make a big difference to some patients, she said. But she cautions patients to remember the stores hope to make up elsewhere what they lose on lower cost drugs.

"I tell them, they're free, but you're going to go to the store and sit there and maybe think about buying other things. Just go and get the drug," she said.

The free antibiotics may have attracted some new customers, said Ms. Behler of Meijer, but the company's plan in giving away the drugs was mainly to solidify customer loyalty. Studies have shown that people tend to be loyal to their pharmacy.

Typically, generic antibiotics cost Meijer customers about $8 to $30 per prescription. Meijer officials have said its stores fill about 500,000 prescriptions for those drugs each year.

What is uncertain is how much the generic programs are costing retailers. The stores use the programs as loss leaders, or items sold below cost to lure customers in the hope they buy other items.

Alan Sager, a Boston University professor of health services and an expert on drug pricing, said the retailers probably aren't losing money.

"In general, we've estimated the added cost of making more pills at only 5 percent of the retail price," he said. "So how much does it cost to make a million more pills? Well, it's materials and running the factory a few more shifts one week a year.

"What's being offered would tend to be pills that are produced by a variety of factories where someone like Wal-Mart can seek competitive bids."

He characterized the $4 and free generic programs as good for a few but "like a sideshow in the circus" because it doesn't tackle the problem of high drug costs overall.

The older a generic drug is, the cheaper the wholesale price is, said Andrea Hofelich, a spokesman for the Generic Pharmaceutical Association of Arlington, Va. That's because older generic medicines, on average, have seven manufacturers producing them and competing to sell them to retailers.

Newer generics tend to have fewer manufacturers since it takes about a year to get FDA approval of a formula.

Some consumers, however, are leery of the low-cost programs.

Stefanie Gray, program coordinator at the Sylvania Senior Center, said of older people: "Most are waiting for their friends to try it and if it seems OK, then they'll try it.

"We've talked about it, but most are reluctant to try it. They've been scammed too many times. And even though we have some who are pinching their pennies, on [prescription] pickup day they all went to Kroger."

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