

PRESCRIPTION DRUGS

High costs, specialty drugs ... what to know

We hear about prescription drugs in the news all the time; topics such as breakthrough therapy innovations, rising drug costs putting pressure on public system and private medical plans, and the cost of generic and brand name drugs. What is driving these costs and more importantly, what can plan members and plan sponsors do to combat the rising costs?

The Environment

Pharmaceutical companies have been creating amazing innovations in drug therapies to treat or cure serious medical conditions such as rheumatoid arthritis, multiple sclerosis and Hepatitis C. Many of these are known as “specialty” or “biologic” drugs which are made with living cells rather than chemical compounds. These drugs generally come at a great price. The therapies for Hepatitis C, for example, can be \$100,000 to \$125,000 per patient. New biologic drugs treating rare forms of high cholesterol are also extremely expensive and may start to be used for other broader types of cholesterol conditions. Insurers are all trying to pre-screen claims for high cost drugs through various methods, such as requiring a medical pre-authorization from a qualified physician to ensure the medication and the patient’s condition align.

Pressure for access to these drugs and coverage is spilling onto the public plans with demands for funding. Public plans are sometimes responding, but usually with some kind of medical pre-authorization. Claims not covered by public funding may then fall to private plans for consideration.

Advertising

Advertising prescription drugs is more controlled in Canada than in the U.S., but we see enough drug commercials to encourage some individuals to visit their doctor and ask for specific drug therapies they are now aware of. Ask your doctor about the risks and side effects of the treatment, and other options for your condition.

THE JOHNSTONE'S ADVANTAGE

Our mission is simple:
Treat each client as if they were our only client.

Our value is clear:
We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company’s benefits needs. And we make **solid group plans simple.**



Shop Around

Prescription drug costs at the pharmacy are comprised of the ingredient cost, the wholesale and pharmacy mark-ups, and the dispensing fee charged. The costs for these components vary by pharmacy and location. Ask your pharmacist what they charge.

Price is only one factor to consider with selecting a pharmacist. Your relationship with them, their expertise, convenient location, and availability of the items you need are some of the other factors you might also consider.

Program Design

Design elements of a well-designed drug program balance the employees' needs to access to financial support for medical costs, with prudent financial control to enable the employer to be able to support a sustainable ongoing program. Common design elements include coinsurance (the percentage of the cost paid by the plan), deductibles (how much of the cost you must pay before the plan coverage), reasonable limits on plan coverage for dispensing fees and mark-up, and limiting coverage of brand name versions of drug to the lower cost generics (when a generic form exists).

Some extended health plans that cover the cost of a drug but only to a price limit of the generic are also known as "least cost alternative". These plans have become extremely common now as the medical efficacy of generics versus brand name versions of drugs is well documented. Insurers generally operate a medical over-ride for members who have tried and cannot tolerate the generic version of a drug. The physician would need to write a note to the insurer indicating the medical reason why the

brand is required instead of the generic version.

If you have a pay-direct drug card, it will have functionality in place to enable you to see right at point of sale what is covered, so you can ask questions if the amounts seem different from what you expected.

You are encouraged to become familiar with the coverage described in your plan booklet.

Insurer Programs

Your insurer also has a variety of programs they have developed to assist with drug cost management. Insurers have taken various approaches to assist - for example, sourcing expensive biologic drugs through special lower cost providers, and linking employees on expensive drugs to pharmaceutical patient support programs and telephone nurse care lines.

We Are Here to Help

Johnstone's Benefits is here to help with claims you may have questions on or reviewing your plan. Please contact us!

CONTACT US

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