



Generic Prescriptions:

Getting The Most Out Of Your Pharmacy Coverage

By Ed Gaelick

Have you ever had a conversation with your doctor about your medication options or do you just accept the medication prescribed?

Each health insurance carrier has its own prescription drug list (PDL) which may also be called a formulary. This is a list of commonly prescribed medications. Each is placed in cost levels, known as tiers, described below. When choosing a medication, you and your doctor should refer to the PDL to determine the most cost effective choice. The list does change periodically and the carrier websites will have the most current information.

In addition to the tier, a PDL may also have precertification or step therapy requirements for a particular drug. Quantity limits may apply to certain drugs as well.

It is important to know that not all medications are covered. A medication may be excluded if it works the same as another already covered drug or even an over-the-counter medication.

Generally speaking, an insurance carrier will classify medications in one of four tiers.

Tier 1 – Lowest cost (mostly generic)

Tier 2 – Mid-range cost (mix of brand and generic)

Tier 3 – Highest cost (mostly brand)

Tier 4 – Specialty drugs that may require special handling, storage and/or administration. These prescriptions may need to be filled at designated pharmacies to be covered.

Generic drugs contain the same active ingredients, strength, dosage, risk, safety and pharmacological effects as their brand name counterparts. So then why are they so much cheaper? When a drug company brings a new drug to market, they have invested a substantial amount of money on research and development, getting FDA approval, manufacturing, marketing and distribution. As such, they are granted a patent that gives them exclusive rights to sell the drug for a certain period of time. Once the patent expires, generic drug manufacturers can roll out their versions without having to recapture the capital outlay unlike the brand name company; therefore, can offer the medication at a lower cost. Competition from other generic companies drives the cost down even further.

Still not convinced about quality and effectiveness? The FDA requires that generic drugs be as safe and effective as brand name. They apply the same standards for all manufacturing facilities. A generic drug can have different inactive ingredients from its brand name

competitor which is why consulting with your doctor is important.

Another requirement your carrier may impose is called “Dispense as Written”. This means that if your doctor does not write this specifically on your prescription, a lower cost alternative may be substituted by the pharmacist. If this happens and you choose to go with the more expensive drug anyway, you may be responsible for the difference in cost.

If you are taking a medication on a regular basis, mail order services can save you time and money. Home delivery programs allow you to obtain multiple refills usually at a reduced cost such as two copayments for a three month supply.

Prescription costs continue to be a concern for health insurance carriers and patients alike. Being knowledgeable about your benefits as well as having regular discussions with your doctor will help ensure that you are making up to date informed cost effective decisions.

In 1985, Ed Gaelick established PSI Consultants, LLC where he specializes in company sponsored employee benefits, business planning and personal insurance. Throughout his career, Ed has received many of the highest professional honors awarded in the insurance industry. His dedication, integrity and fortitude have earned him great respect from his clients, staff and peers.

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