

BENEFITS TOOLKIT

Lowering Drug Costs

Provided by Stalwart Insurance



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Introduction

Health care costs in the United States have been rising steadily for the past two decades and, with it, drug costs. It has become less and less affordable to get name-brand drugs and medications, with no reprieve in sight. The Centers for Medicare and Medicaid Services (CMS) projects that by 2022 prescription drug costs will grow to \$355 billion. (In contrast, \$40.3 billion was spent on prescription drugs in 1990.) With drug costs increasing at a faster rate than other health spending, now is the time for employers to review their drug cost-saving options.

Employee Factor

Ensuring your employees have the correct medications is important for their health and your bottom line. Employees who only use name-brand drugs might forego their prescriptions in order to save the money. This leads to lost productivity, increased employee stress and a whole host of issues related to not taking prescription medication.

Alternatively, some employees might have a variety of name-brand drugs they take. While it is good that they are taking their medications and staying healthy, using only name-brand drugs means higher costs for employers, plan sponsors and the end users—the employees.

Generic Drugs

Generic drugs can sometimes be misunderstood as subpar or not up to the same quality standards as name-brand prescription drugs. Consumers recognize a brand name and consider the unknown labels as inferior products. This is unfortunate because generic drugs are not only of the same high quality as name-brand prescriptions, but they usually cost much less (80-85 percent less).

In fact, the United States **SAVED NEARLY \$1.5 TRILLION** over the past 10 years by using generic drugs , according to Anthem.

Moreover, according to the U.S. Food and Drug Administration (FDA), “Generic drugs are important options that allow greater access to health care for all Americans. They are copies of brand-name drugs and are the same as those brand-name drugs in dosage form, safety, strength, route of administration, quality, performance characteristics and intended use.”

Employee Education

If generic drugs are of the same high quality as name brands *and* they cost less, why isn't everyone using them? The problem could be employee education. Teach your employees the value of buying generic so they can save money—for you and themselves.

According to the FDA, generic medications save \$3 billion every week and more than \$150 billion annually. Boosting the use of generic medications by incorporating the strategies of consumer driven health plans into your prescription coverage design can potentially save you and your employees significant money.

A good way to begin employee education is by integrating information about generic drugs into your benefits communications. Send informational articles or emails to employees explaining the differences between generic and brand-name medications and encouraging them to request generics when filling a prescription. You may wish to reach out to employees through social media with additional information regarding generics.

To maximize generic use, keep employees up to date on the newest approved generic medications through [this FDA resource](#) or by utilizing the FDA's [Orange Book](#), which allows you to search for generic drugs based on a variety of characteristics.

For informative employee resources, such as articles, flyers or materials about how to communicate effectively through social media, contact your Stalwart Insurance representative.

FDA GENERIC DRUG APPROVAL CHECKLIST

A generic drug must show the following before FDA approval:

- The drug is “pharmaceutically equivalent” to the name brand.
- The manufacturer is able to make the drug correctly and consistently.
- The active ingredient is the same as that of the brand.
- The active ingredient gets to the place in the body where it has effect.
- The inactive ingredients of the drug are safe.
- The drug must not break down over time.
- The drug’s container must be appropriate to ensure unaffected quality.
- The drug information label is the same as the brand’s.
- Relevant patents or legal exclusivities on the brand drug have expired.

Source: FDA



SAVE WITH GENERICS

Did you know?

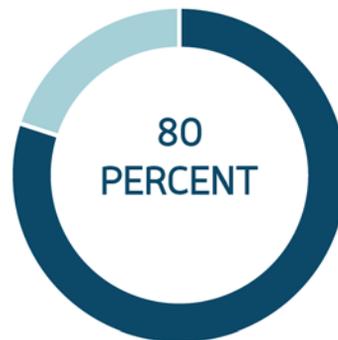
NEARLY 8 IN 10 PRESCRIPTIONS filled in the United States are for generic drugs.



Generic drugs can be **SOLD CHEAPER**, since they do not have to pay for costly clinical trials already completed by the name brands.



Generics cost **80-85 PERCENT LESS THAN** name brands.



The FDA requires generics to have the **SAME ACTIVE INGREDIENTS** as their name-brand counterparts.

Many generic drugs are made in the **SAME MANUFACTURING PLANTS** as the name-brand drugs.

Source: FDA



Cost-saving Programs

Beyond using generic drugs, there are a number of other ways to save your company money. Many carriers or third parties offer options like mail order delivery or other unique cost-saving programs. This section will go over some of those programs. Please note that some programs are carrier-specific and might not be available to you. However, your provider may offer something similar. Speak with your Stalwart Insurance representative to discuss the available program options.

Half-tablet Programs

This program aims to reduce the number of tablets participants consume, while still receiving the same strength of medication. For instance, individuals might need 15 milligrams (mg) of a daily medication, so they receive a prescription for 30 tablets. With the half-tablet program, individuals would receive a prescription for 15 tablets, with 30 mg strength each. Instead of taking one daily, they would only take half of a tablet.

Participants in this program only pay half of their usual prescription copay because they are receiving half the number of tablets. Likewise, individuals who pay coinsurance would be paying a smaller percentage for fewer tablets. According to Anthem, this program would save participants an average of about \$5 a month for generic drugs and \$35 a month for brand-name drugs. This equates to around \$60 to \$420 annually for each participant, which means serious savings for employers.

Preferred Glucometer Program*

The preferred glucometer program provides individuals with a free glucometer and gives discounts for “preferred” test strip brands. This means using certain test strips will save you more money than other brands, similar to using generic drugs over name brands. Anthem advertises that this program saves users an average of around \$50 a month or \$600 annually.

This program is an example of a specialized discount only available through certain carriers. Speak with your Stalwart Insurance representative to find similar options available through your provider.

*Anthem-specific program, as described here.

**UnitedHealthcare-specific program, as described here.

Contact Stalwart Insurance to discuss similar cost-saving programs available through your provider.

Strategic Exclusions**

The carrier will monitor newly launched high-cost medication and will exclude it from benefit coverage, if it meets specific criteria. For instance, an expensive new drug might not be offered if there is a low-cost equivalent already on the market. This saves participants money by not offering expensive options.

Refill and Save**

This program gives discounts on copays for those who fill their prescriptions in a timely manner. The idea is that those with chronic diseases will be more engaged and will better manage their conditions. UnitedHealthcare says this saves participants around \$240 annually.

ProgressionRx**

In this program, similar drugs are evaluated on a cost basis. Participants are directed to the cost-effective option before progressing to more expensive alternatives.

Supply Limits**

This program aims to eliminate wasteful prescription dosages. Limits are set for how much medication can be dispensed for a one-month period or one copayment. This saves money by reducing unused or extra medication toward the end of a prescription.

Notification**

Under this program, physicians must provide additional prescribing information to participants. This helps ensure the medication they provide is for a covered condition. For instance, some drugs are marketed for one condition, but can be used to treat another. However, sometimes there are cheaper alternatives that are better suited for the second condition.

High Narcotic Utilization**

The carrier will monitor participants who may be misusing narcotics (pain medication) and/or seeking them from multiple physicians or pharmacies. This program promotes a more coordinated approach to narcotic usage by getting participants the information they need for healthy prescription choices.

*Anthem-specific program, as described here.

**UnitedHealthcare-specific program, as described here.

Mail Order Prescriptions

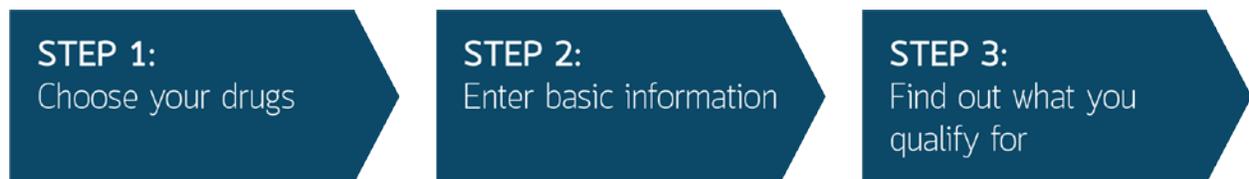
Many carriers offer the option for mail order prescriptions. This means participants can have their drugs mailed by simply calling a phone number or sending in a paper form. Prescriptions are then delivered to their homes instead of pharmacies, commonly at a lower rate.

ValueMax**

This program directly communicates with participants who are taking higher-cost medications. These participants are informed about more affordable medications and generic alternatives.

Online Tools

Some websites allow participants to compare the prices of prescription brands and find the best deal available to them. [Partnership for Prescription Assistance](#) walks individuals through this process.



ZywaveRx

ZywaveRx is a pharmacy benefit program that harnesses the buying power of a nationwide network of brokers to provide you exclusive, extremely favorable pricing for your pharmacy benefits. Through our program, you'll enjoy low dispensing fees, no administration fees, deep pharmacy discounts and aggressive rebates, to help you save money right away and retain a cost-effective pharmacy benefits program for your employees for years to come. Contact Stalwart Insurance to learn more about this opportunity that may already be available to you.

*Anthem-specific program, as described here.

**UnitedHealthcare-specific program, as described here.

SAVE MONEY ON YOUR PRESCRIPTION



Combine pills.



Review the formulary for lower-cost drug options.



Follow step-therapy rules.



If you need a drug exception, ask.



Use preferred pharmacies.



Be cautious of online scams.



Look at other insurance options.



Talk to your doctor.



Price check drugs.



Avoid drugs advertised on TV.



Consider nonprescription medication.



Buy prescriptions in larger quantities.

Disclaimer: This section is for informational purposes only and should not be construed as medical advice. For further information, please contact a medical professional.

Save on Specialty Drugs

Specialty drugs are very expensive and used to treat complex conditions, like cancer, hemophilia or multiple sclerosis. Individuals who need these medications must often be monitored by their physician, who assesses whether the medications are working. Additionally, these drugs usually require complicated applications, like an injection or infusion, adding to the price.

Employers should look for ways to reduce specialty drug costs because experts predict their utilization and price will only increase. Specialty drug spending is predicted to surpass traditional pharmacy spending by 2018, according to the National Business Group on Health (NBGH). Moreover, the group says specialty drugs are the fastest growing cost in many employers' health benefits.

The NBGH offers some suggestions for employers who are looking to curb their specialty drug spending:

- Develop a comprehensive utilization strategy for the company, based on necessity and eligibility.
- Use a step program, so employees must try generic drugs before moving to more costly alternatives.
- Place quantity limits on drugs so employees use the correct dosage.
- Consider excluding the most expensive drugs, if cheaper alternatives are available.
- Consider moving some specialty drugs to the pharmacy benefit instead of medical benefit, increasing cost control and oversight.
- Utilize a preferred network of pharmacies to help lower costs.
- Talk with your pharmacy benefit manager (PBM) to make sure you are apprised of any new drug changes or market developments.

6 Tips for Employees to Lower Medicare Coverage Gap Costs

Many Medicare drug plans (Medicare Part D) include a coverage gap (also known as the “donut hole”). The coverage gap is a temporary limit on the amount a drug plan will cover for prescriptions.

With Medicare Part D, depending on how much you and the plan spend on drug costs, you can get into a coverage gap. If you are in the gap, you will be required to pay for prescription costs at a certain rate, which may be higher than your current rate.

Below are some tips for lowering your costs while in the coverage gap:

1. Use generics instead of name-brand drugs.

Generic drugs are often much cheaper and equally effective when compared to name-brand drugs. Speak with your doctor to discuss generic prescriptions that are right for you.

2. Pick a plan that has additional coverage during the gap.

Some plans have additional coverage during the coverage gap. However, these plans may also include higher monthly premiums. Review the approved drug list to make sure your prescriptions would be covered under this plan.

3. Research pharmaceutical assistance programs.

Some pharmaceutical companies have programs to help Medicare Part D participants. Use this [Medicare online resource](#) to find out if your drug has such a program.

4. Consider state pharmaceutical assistance programs.

Many states offer help paying for drugs or plan premium costs. Visit this [Medicare online resource](#) to see if your state has a program available.

5. Apply for Extra Help.

This program is for people with limited incomes and helps pay for their prescription drugs. Qualifying participants only pay a small copay on each prescription. To see if you qualify for Extra Help, visit this [Medicare online resource](#).

6. Look into national and community-based charitable programs.

There are a number of charitable programs available to help offset the cost of prescription drugs. Here are several of the programs available: [National Patient Advocate Foundation](#), [National Organization for Rare Disorders](#) and [BenefitsCheckUp](#). Follow the links to learn more.

Prescription Cost-saving Tips for Employees

Beyond the cost-saving programs outlined beginning on Page 8, here are some tips and programs not necessarily offered through carriers or third parties. These tips can help you save money on your prescription costs. Moreover, these tips can empower you to take charge of your health care and become a more informed consumer.

Combine pills.

It is possible you are taking two drugs for two different conditions, which is common. This means you are paying for two prescriptions. Speak with your doctor and ask if there is another drug that can help treat both conditions. For instance, some pills contain the active ingredients for multiple medications, so you could reduce your intake by taking one pill instead of two.

Review the formulary for lower-cost drug options.

A formulary is a list of medications that a drug plan will cover. This list includes drugs across all the plan's tiers, ranging from Tier 1 drugs (usually generic) to Tier 3 or higher (usually brand name or specialty). Review the list and see if there are cheaper alternatives to your current medication. Speak with your doctor if you have any questions about the lower-cost options.

Follow step-therapy rules.

Many employers require "steps" in their drug plans. This means participants must first try the lowest-cost version of a medication before moving on to the more expensive versions. This usually means trying generic drugs before moving on to name brands. Ignoring the steps could land you with a larger bill, so be sure to follow the procedure of your specific plan. Speak with your drug plan provider if you have any questions about step therapy.

Ask for an exception.

There are situations where drug plans will pay for a drug that is not on its approved list. These occasions usually happen if your doctor says a specific drug or medication is necessary, and it can happen if you speak with your plan provider. Most provider's websites will feature a medication exception request form that you can submit.

Use preferred pharmacies.

Some employers may utilize preferred networks or pharmacies. This means participants receive a discount on their drugs just by going there to fill their prescriptions. Speak with your plan sponsor to see if this benefit is available to you.

Be cautious of online scams.

Some websites advertise drug prices that are too good to be true, sometimes under the guise of a “Canadian pharmacy.” Unfortunately, the vast majority of these sites are fraudulent and offer drugs that contain toxic substances. To ensure you are visiting a legitimate pharmacy website, look for the “.pharmacy” in the web URL. If you are still uncertain, check the website name on [LegitScript.com](https://www.legitscript.com).

Look at other insurance options.

It is possible you could save money by switching to another prescription drug plan. Depending on your medication, you might be able to switch to a lower premium or deductible. Speak with a health plan representative to discuss prescription options that fit your budget.

Talk to your doctor.

Your doctor is likely not considering price when prescribing your medication. If you are paying for an expensive name-brand drug, talk to your doctor about more affordable options. Similarly, speak with your doctor about reducing the number of medications you take, adjusting dosages or splitting pills.

Check prices.

Shop around for other, potentially cheaper pharmacies. Unless your prescription drug plan includes a preferred pharmacy network, there is no reason to not look for more affordable places to fill your prescription. For instance, large stores like Walmart offer many generic drug alternatives at low prices.

Avoid drugs advertised on TV.

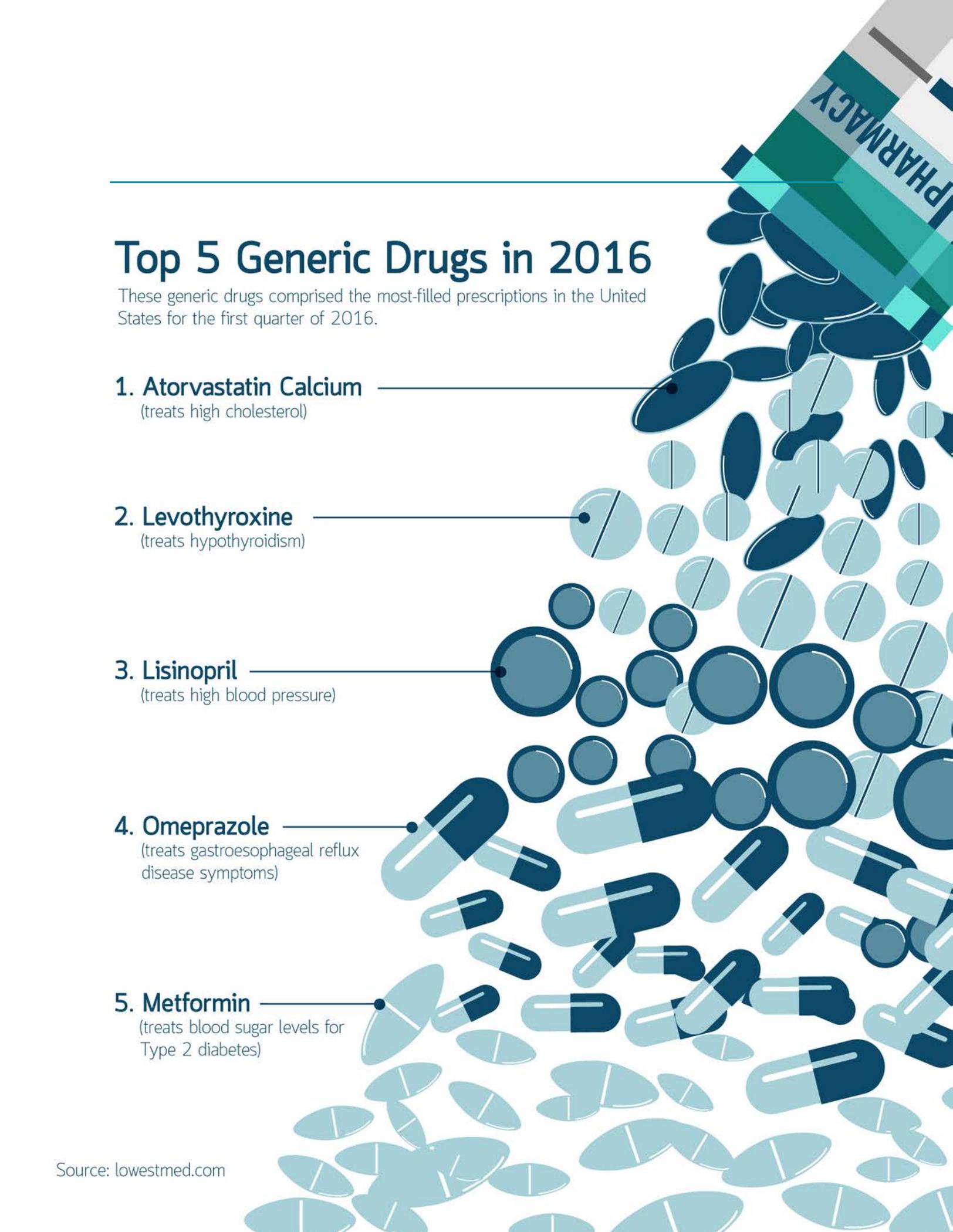
Drugs seen on TV are usually the newest and, therefore, are more expensive than others. Just because they are new does not necessarily mean they work any better than older drugs. Talk to your doctor if you are considering switching medication, as there are likely cheaper alternatives.

Consider nonprescription medication.

Nonprescription (or “over-the-counter”) drugs might be able to help treat your condition as effectively as a prescription medication. A good example of this would be allergy medication. You can buy nonprescription allergy drugs and should only seek a prescription if you have severe allergies.

Buy prescriptions in larger quantities.

Sometimes medication is cheaper when bought in larger quantities. If you have a chronic condition that requires daily medication, ask your doctor for a 90-day prescription.



Top 5 Generic Drugs in 2016

These generic drugs comprised the most-filled prescriptions in the United States for the first quarter of 2016.

1. Atorvastatin Calcium
(treats high cholesterol)

2. Levothyroxine
(treats hypothyroidism)

3. Lisinopril
(treats high blood pressure)

4. Omeprazole
(treats gastroesophageal reflux disease symptoms)

5. Metformin
(treats blood sugar levels for Type 2 diabetes)

Appendix

Suggested Informational Materials

As a Stalwart Insurance client, you have access to thousands of benefits documents. Below is a list of educational resources you can provide your employees. Speak to your Stalwart Insurance representative to learn more about how you can take full advantage of these resources.

- **The Benefits of Generic Medication:** This article discusses the advantages of generic medication and explains how to encourage generic prescription use among employees.
- **Generic Medications: They Keep You and Your Wallet Healthy:** This one-page Know Your Benefits describes the similarities between brand-name and generic medications and provides examples of cost differences between specific brand-name drugs and their generic equivalents.
- **Saving Money on Prescriptions:** This Live Well, Work Well flyer defines a drug formulary, the difference between a generic and brand-name drug, and explains how these three items can contribute to savings on prescription drugs.
- **Making Sense of Your Prescription Drug Plan:** This Know Your Benefits article describes how prescription drug costs impact overall health care benefits costs for employers. It includes a discussion about generic versus brand-name drugs, formularies and other tips on how employees can help keep prescription drug costs down.
- **How to be a Wise Health Care Consumer:** This Know Your Benefits article describes how health care costs impact employers, and what employees can do to help keep costs down.
- **Cost of Care Poster: Brand vs. Generic Medications:** It costs what? Help employees understand the cost difference between brand-name and generic medications with this informative workplace poster.

