



The Vita Viewpoint

Important Information for Decision Makers

The Ins and Outs of Prescription Drug Coverage

Understanding Drug Plan Management Techniques

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Introduction

Most drug plans use a variety of management techniques in their coverage of outpatient prescription drugs. Here is a brief explanation of some of the most common techniques.

Prior Authorization

Some of the newer, more expensive drugs may be prescribed by your doctor even though a lower-cost drug may be available for your medical condition. In this case, the insurance company or prescription drug plan may ask that your doctor call them to explain why the newer drug is needed. On drugs where prior authorization is required, your physician must call your drug plan before the drug will be covered.

Step Treatment

In some cases, your prescription drug plan may require that a lower-cost drug be tried and shown to be ineffective before a newer, more expensive drug will be covered. In this case, you may be required to take the lower-cost drug first, or your doctor may have to explain why trying the older drug would be inappropriate for your medical care. In many cases, patients find that the older drug does work very well for treatment of their condition, which can save money for both patients and their prescription drug plans.

Time-Period and Dosage Limitations

Most prescriptions are written for a specified time period, usually a maximum of 30 days, with or without refills. If a patient attempts to refill the same prescription before the time period has expired, there is a safety concern as to whether the prescription is being taken as prescribed. Sometimes this causes a problem for patients who are planning travel, since they may need to take more than a 30 day supply of medication with them. In this case, your prescription drug plan will normally allow for travel exception, but this must be requested in advance of your filling the prescription before the 30 day time period has expired.

The same holds true on dosage limitations. Some drugs are taken on an "as needed" basis, with a maximum of a certain number of dosages in a 30-day period. Even if your doctor has not specified the number of doses during the 30-day period on your prescription, your prescription drug plan will have standards for quantities that will be covered during the time period. Again, if you require a larger number of doses or are traveling, this will have to be handled in advance prior to your filling the prescription.

Formularies

Most prescription drug plans use some sort of formulary or preferred-drug list. These lists work to your advantage because they allow your plan to negotiate the best price on medications, which means lower cost to you.

Formularies (continued)

In some situations, drugs that you take that are not on the preferred-drug list will not be covered by the plan. Your physician may be able to recommend another drug that is on the list that would have a similar effect for your condition, or you can ask your doctor to contact your prescription drug plan to explain why a generic or therapeutic equivalent would not be appropriate for your medical condition.

Other prescription drug plans don't exclude any particular drugs but charge a higher copay for drugs not on their preferred list. You should check with your plan to get a copy of the drugs on its list, or check its website for the most current information.

Some categories of drugs may not be covered at all. Read all of the materials that come with your plan so you'll be sure to know what is and is not covered.

Deductibles

Your prescription drug plan may have a deductible that applies before they begin paying benefits. Although you present your prescription drug card at the pharmacy, if you haven't met your deductible for the year, not all of your covered drugs will be paid at the normal rate until the deductible is met.

For example, if you have a prescription drug plan with a \$250 deductible and coinsurance of 50%, and the cost for your monthly drugs is \$400, the first month your drugs will be paid as follows:

<u>First Month</u>		<u>Second Month</u>	
Cost of Drugs	\$400.00	Cost of Drugs	\$400
Minus deductible	<u>\$250.00</u>	Your Plan pays	\$200
Balance	\$150.00		
Your Plan pays	\$ 75.00		
You pay	\$ 75.00		

Normally, your deductible will apply every calendar year.

For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.