



Prescription Drugs—Do You Know The True Cost?

The cost of prescription drugs is still on the rise. We hear about it all the time, but it usually has little or no meaning to us. Why? Because most people who are covered by an employer-sponsored medical plan only have to pay a flat dollar copay whenever they get a prescription filled. The copay generally eliminates the uncertainty of out-of-pocket expenses. The downside is that it can conceal the actual—and often very steep—cost of prescription drugs.

How The Copay Works

Both of A&B’s medical plans include prescription drug copays. The Kaiser HMO plan has a \$10 copay for either generic or brand name drugs.

The CIGNA PPO and HMO plans have a \$10 copay for generic drugs and a \$20 copay for brand name drugs when no generic is available. The CIGNA plans automatically replace brand name drugs with lower-cost generic equivalents; however, if the doctor mandates “dispense as written,” then only the \$20 brand name copay is required. If the doctor allows the generic replacement, but the patient chooses a brand name drug over an available generic drug, the patient must pay the \$20 brand name copay **plus** the difference between the cost of the brand name and generic drugs.

Generic vs. Brand Name

Brand name drugs are patented when they are first developed. Only after the patent expires can a less expensive generic be created. In order to be approved by the Food and Drug Administration (FDA), a generic drug **must** have the same active ingredients as its brand name equivalent.

The example below compares the cost for two brand name drugs and their generic equivalents under the CIGNA plans. The copay amounts assume the drugs were filled at a participating retail pharmacy and the doctor mandated “dispense as written.” As you can see, cost savings between generic and brand name drugs will vary depending on the specific drug. During 2003, for example, A&B’s medical plan paid for 567 prescriptions of Lipitor; if the generic had been prescribed instead, the medical plan would have saved \$26,649 and members would have saved \$5,670.

Prescription Drug Brand Name/Generic Equivalent	Average Retail Cost Brand Name/Generic Equivalent	Copay Amount Brand Name/Generic Equivalent
Lipitor / Lovastatin	\$94 / \$37	\$20 / \$10
Prevacid / Omeprazole	\$121 / \$94	\$20 / \$10

Note: prescribed vitamins are not covered by any FlexSolutions medical plan.

Be In The Know

Plan highlights and benefits information are available on your medical provider’s website. You can access all of the *FlexSolutions* providers through A&B’s benefits website at www.flexab.com. Remember that websites are continually updated with additional features; you may find even more valuable information on future visits.

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