

What you need to know about Generic Pricing

If your plan includes Generic Pricing, it means your plan has adopted a cost-effective approach that encourages the use of equally effective drugs that are more affordable.

In this approach, if a brand-name drug is dispensed, it will be reimbursed at the cost of the lowest cost generic equivalent. This saves your plan money, helping to keep it affordable into the future.

If a generic drug is dispensed, even if it is not the lowest priced generic version available, its full drug cost will be eligible.

How it works

Pacific Blue Cross has developed a list of medications where brands no longer have marketing exclusivity and equivalent generic versions of the same drugs are available. These brand drugs are called multi-source brands because now there are multiple manufacturers allowed to produce the drugs. Based on available pricing data, we set a benchmark price for each drug that is eligible under your plan.

Generic pricing covers the full ingredient cost of generic drugs and up to the plan's allowed mark-up.

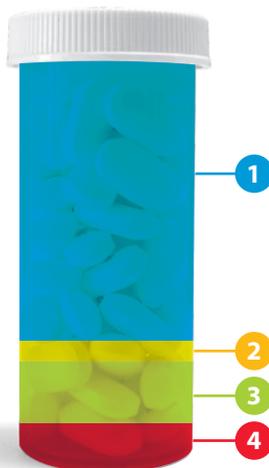
When a multi-source brand drug is dispensed, the plan covers up to the cost of the lowest cost generic equivalent.

Although the generic drug has the same active ingredient, the non-medical ingredient such as fillers and preservatives can be different. In a very small number of cases, the patient may have an intolerance or allergy to one of these non-medical ingredients. If this is the case, ask your doctor for a letter explaining the medical need for you to stay on the brand drug.

Brand and generic drugs: What's the difference?

Generic drugs are copies of brand-name drugs. They are just as safe, are equal in quality, and usually much lower in cost than brand-name drugs.

Choosing generic drugs means you can keep money in your pocket while helping control the cost of your extended health plan.



Understanding drug costs

- 1 **Ingredient cost** — the cost of the drug from the manufacturer (Manufacturer List Price or MLP)
- 2 **Wholesaler mark-up** — distribution allowance for drugs shipped to pharmacies via wholesaler
- 3 **Pharmacist mark-up** — like most retail businesses, the pharmacy often applies a mark-up when they sell the medication
- 4 **Dispensing fee** — in addition to the cost of the drug, the pharmacy charges the customer a dispensing fee when they fill the prescription

Once we receive the letter, we'll ensure the plan does not apply generic pricing to your claims for the brand drug. Most plans will cover the full drug cost plus the plan's allowed mark-up, unless the plan is limited to drugs covered by BC PharmaCare.

Other costs that may affect your claim

Even with a plan that covers 100% of eligible costs with no deductible, plan members might still be out-of-pocket under the generic approach.

Pharmacies are private businesses and there can be considerable variation in what they charge.

For example:

- The pharmacy may charge a drug mark-up beyond the Pacific Blue Cross benchmark. The excess cost would be paid by you.
- The pharmacy may choose not to stock the lowest cost alternative product which is the benchmark. Here the pharmacy may dispense a more costly drug and charge you for it.
- Drug shortages of generic products may result in the pharmacy dispensing the more expensive brand-name drug.
- Other factors may also affect your out-of-pocket costs. For example, your plan may include coinsurance, dispensing fee limits, deductibles, annual or overall plan limits.

What you can do to lower your costs

1. Like any shopping experience, know your prices. Use Pharmacy Compass to compare drug prices from pharmacies in your area.
2. Determine what matters to you: cost or convenience. This might mean visiting a pharmacy a bit further from where you normally go and dealing with a new pharmacist.

To learn more about Generic Pricing contact your Plan Advisor or Pacific Blue Cross:

Tel 604 419-2600

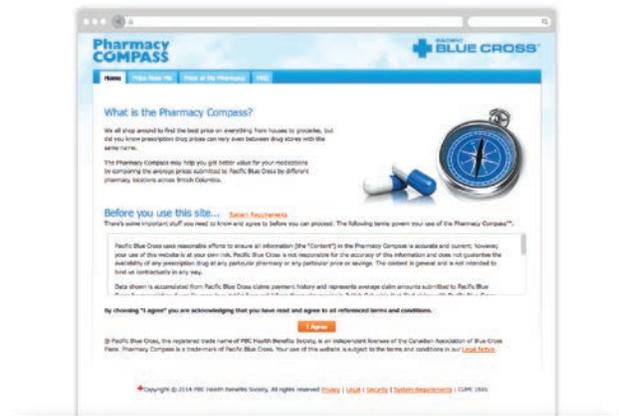
Toll-free 1 877 275-4672

www.pac.bluecross.ca



More resources to help you

Drug plans can be difficult to understand but Pacific Blue Cross has developed several resources to help you get the most out of your benefit plan.



Pharmacy COMPASS

Not all drug mark-ups and dispensing fees are the same. With Pharmacy Compass, members can compare prices for prescription pills and tablets quickly reaping the rewards of lower prescription drug prices. For more information, visit www.pharmacycompass.ca.



Advice Centre

The Pacific Blue Cross Advice Centre answers common questions about drug coverage and other benefits using videos, articles and education sheets. These resources are available directly from our website at www.pac.bluecross.ca/advicecentre.