

# 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 copy available, its full drug cost will be eligible.

## How it works

Pacific Blue Cross has developed a list of medications where brand patents have expired and equivalent generic versions of the same drug are available. 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, plus 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-medicinal ingredient such as fillers and preservatives can be different. In a very small number of cases, the patient may have an intolerance to one of these non-medicinal ingredients. If this is the case, ask your doctor for a letter outlining the medical need for you to stay on the brand drug. Once we receive the letter, we'll ensure the plan does not apply generic pricing to your claims for the brand drug. The plan will cover the full drug cost plus the plan's allowed mark-up.

## 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 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

**Ingredient cost** — a basic drug is made up of ingredients by a manufacturer.

**Wholesaler mark-up** — distribution allowance for drugs shipped to pharmacies via wholesaler.

**Pharmacist mark-up** — like most retail businesses, the pharmacy often applies a markup when they sell the medication.

**Dispensing fee** — in addition to the cost of the drug, the pharmacy charges the customer a dispensing fee when they fill the prescription.

## 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 markup beyond the Pacific Blue Cross benchmark. The excess cost would be paid by you.
- The pharmacy may have chosen to not 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. Research drug prices by asking pharmacists questions about what they charge for the actual medication and for dispensing it.
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.
3. Don't be afraid to ask questions or challenge what the pharmacy is charging you! Perhaps the pharmacy will even choose to not charge the excess mark-up to keep your business.

To learn more about Mandatory Generic Pricing or Reference Drug Program pricing contact your Plan Advisor or Pacific Blue Cross:

**Tel** 604 419-2600

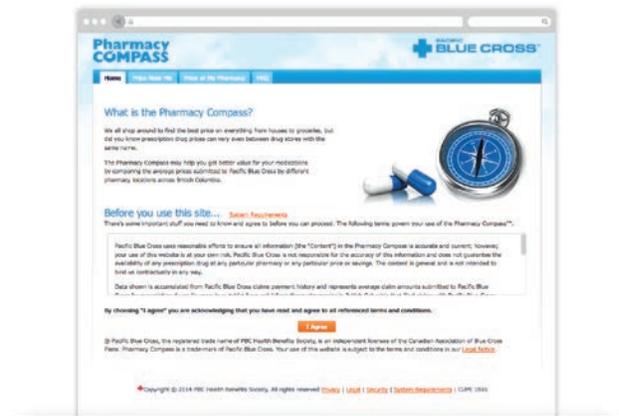
**Toll-free** 1 877 275-4672

[www.pac.bluecross.ca](http://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](http://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](http://www.pac.bluecross.ca/advicecentre).