

Healthcare Literacy:

Understanding Your Pharmacy Benefits



Getting a prescription can be tricky and if you don't ask the right questions could end up costing you significantly more than necessary.

If you're daunted by the alphabet soup in your local drugstore, take a deep breath. In this section, we're covering some important definitions (and considerations) for your medicine cabinet.



TERMS TO KNOW

- **Brand-Name Prescription:** Brand-name prescriptions are typically identified by a nonclinical name. When a drug first enters the market, it's often released as a brand-name drug. For instance, Prilosec is a brand name for a drug called omeprazole that treats acid reflux.
- **Generic Prescription:** A generic prescription is a medication that has the same active ingredients as a brand-name drug...without the snazzy name. A generic prescription must pass the same quality standards as its brand-name equivalent. While a generic prescription has the same active ingredients as a brand-name drug—it's important to note that it can contain different inactive ingredients. You'll find that generic drugs are named by their active ingredients. For example, the generic version of Prilosec is Omeprazole, which is the active ingredient in Prilosec.
- **Preferred Drug (Formulary):** A preferred prescription is simply a drug that your insurance company will cover—including both generic and brand-name medicines.
- **Non-Preferred Drug:** This specific drug is treated differently by your insurance policy. Many times these are expensive or new brand name drugs. Not surprisingly, these drugs are more expensive than drugs on your carrier's preferred list.
 - **Tip:** Many doctors don't check your preferred drug list before prescribing. You should be proactive in asking your doctor to check your formulary and stick to it whenever possible.

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- **Preventive Prescription:** As its name might imply, a preventive prescription keeps a condition from occurring or getting worse. Even better, this type of drug is often covered by insurance before you hit your deductible if you have a High-Deductible Health Plan (HDHP).
- **Specialty drug:** Drugs in this category are more complex than most prescription medications and are used to treat serious and chronic conditions like cancer and rheumatoid arthritis. Specialty drugs are expensive, often difficult to administer (like injection or infusion), may have special handling like temperature control, and may require additional education or oversight from a healthcare provider. These drugs are not available at most retail pharmacies.
- **Step therapy:** This approach is designed to control prescription drug costs. You must start with a less expensive drug, usually on the preferred drug list. If the less expensive medication does not yield the expected results, then you can step up to try a more expensive medication.



WHAT TO CONSIDER

As you look to save at the pharmacy, here are some things you need to consider.

1. Know your preferred drug list.

Making savvy decisions at the pharmacy starts with getting your insurance company's list of preferred prescriptions as well as their list of preventive drugs. Have these in hand (or on your phone) when you visit the doctor. Let your doctor know you would like to stay on the preferred drug list if possible. Doctors receive this request all the time and will do their best to help you find the least expensive drug that is effective.

2. Ask for a generic drug when possible.

When your doctor prescribes a drug, ask him or her to indicate to the pharmacy to fill with a generic version if available. Give that same instruction to your pharmacy.

3. Request a prescription.

Even if you only need an over-the-counter (OTC) drug, it's a good idea to get a doctor's prescription. That's because—under federal rules—you can't use your HSA, HRA, or FSA to buy OTC drugs (except for insulin). You'll also want to request a 90-day prescription to save on costs.

4. Do your research.

Once you have a doctor's prescription, shop around for the best deal. It's a well-known fact that some pharmacies charge more than others, so do a little investigation, and take advantage of any drug manufacturer coupons online. You may even find the most cost-effective option is a mail-order prescription.



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