

msu human resources Benefits

Special Edition Benefits Brief

www.hr.msu.edu

New Generic Prescribing Program Effective on March 1, 2010

Effective March 1, 2010, MSU will implement a Generic Prescribing Program that will decrease prescription drug plan costs and continue to protect employee and retiree choice and access to quality medications. The upcoming changes will strengthen the incentive for plan enrollees to choose less-costly generic versions of medications by requiring enrollees to pay the cost difference when they choose to buy brand name drugs when a generic option is available. There is no evidence that brand name drugs are any more effective than generic drugs, but the cost difference between brand name and generic drugs is significant. The new program has two levels that will apply to both new and pre-existing prescriptions beginning March 1, 2010.

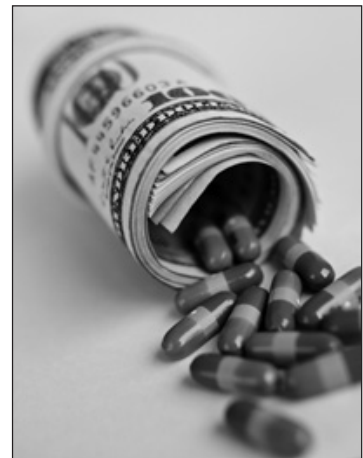
Level I - Direct Generic Equivalents

The first level applies to all prescription drugs that have a **direct generic equivalent** available. A direct generic equivalent is a generic drug that has the same active ingredients as a brand name drug and treats the same conditions as the brand name drug in the same way. Under the new program, whenever plan enrollees choose to buy a brand name drug when a direct generic equivalent is available, the enrollee will pay the generic co-pay PLUS the difference in cost between the brand name drug and the generic alternative they could have chosen. In some cases, the cost difference will be significant. (See cost examples in the shaded box on page four.)

If there is no direct generic alternative available, in **most** cases enrollees will still be able to purchase the brand name drug at the existing brand name co-pays without paying any additional costs. Exceptions to this are addressed by Level II of the program.

Level II - Same-Class Generics

For certain types of medical conditions, doctors and patients can choose from many different brand and generic drug options for treatment. Examples of these conditions include osteoporosis, high cholesterol, allergies, sleep problems and GERD/acid reflux.



Some brand name drugs used to treat these common conditions do not have a direct generic equivalent. However, other brand name drugs in the same class used to treat the same condition do have generic options available. For example, the cholesterol lowering brand name drug Lipitor does not currently have a direct generic alternative. However, there are several generic cholesterol lowering drugs available within the same class of drugs, such as Lovastatin, Simvastatin or Pravastatin. Under Level II of the program, for certain types of drugs, where no exact direct generic equivalents are available, use of a generic in the same class will be covered at the generic co-pay with no additional costs. However, if the plan enrollee buys the brand name drug instead of an available generic in the same class, the enrollee will pay the generic co-pay PLUS the difference in cost between the brand name drug and the average cost of all the generics available in that class. (See the shaded box on page three to find out which brand name drugs currently fall under Level II of the Generic Prescribing Program.)

Please don't wait until the March 1 deadline to act!

Please review your medications with your doctor at your very next office visit and ask about updating your brand name drug prescriptions to generic alternatives.

Acting now can help you avoid hassles and cost in March when the new rules become effective!



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New Generics Program is a Positive and Collaborative Step Forward for MSU

This publication describes some important changes to the MSU prescription drug plan that will take effect in March 2010. I'm very pleased to present the new Generic Prescribing Program to the faculty, staff and retirees of Michigan State University.



This program was developed over the course of many months in very close collaboration with groups representing faculty, support staff, academic staff, retirees and the physician community. The result of these dedicated collaborative efforts is a program that:

- begins to address the significant problems MSU faces related to unsustainable health care costs;
- protects access to high quality, evidence-based care for all benefits-eligible MSU employees and retirees;
- promotes responsible consumer behavior;
- provides an appeals process to ensure that employees and retirees with legitimate medical reasons for choosing brand name drugs do not experience financial penalties for circumstances beyond their control; and
- puts each of us in the driver's seat when it comes to making health care choices that are in the best health and financial interests of ourselves and our families.

In the majority of cases, there simply is no evidence that brand name drugs are any more effective than generic alternatives that are far less costly. And though this program respects the consumers desire for choice, it also creates individual accountability and responsibility for the choices individuals make.

This program is expected to cut about \$4 million out of the approximate \$30 million that MSU spends annually on prescription drugs while providing similar care. While this program doesn't achieve all the savings that are necessary, it's an excellent start and a great collaborative model for us to follow as we continue to seek ways to maintain high-quality, evidence-based health care for MSU employees and retirees in a way that is affordable, sustainable and makes responsible use of limited university resources.

I want to offer my thanks to all the individuals and groups that spent many, many hours helping to develop a program we can all be proud of that balances quality, choice, personal responsibility and affordability.

Regards,

**Brent Bowditch, Assistant Vice President
Human Resources**

Brand Name Drugs in Level II of Program as of March 1, 2010

If you currently take a brand name drug (in any formulation at any dosage) that appears on this list, consider talking to your doctor about whether you can switch to a similar generic drug in the same drug class. Switching to a generic in the same class of drugs will allow you to get your prescriptions at the lower generic co-pay (\$10 co-pay for 34-day supply or \$20 co-pay for a 90 supply through mail order or MSU Pharmacy.) However, if you decide to continue taking the brand name version of the drug instead of switching to a generic in the same class, effective March 1, 2010 you will need to begin paying the generic co-pay PLUS the difference in cost between the brand name drug and an average of all the generics available in the same drug class. The cost difference can be significant.

Brand Drugs related to bone loss (Bisphosphonates Class)

- ACTONEL
- AREDIA
- BONIVA
- FOSAMAX PLUS D
- RECLAST
- SKELID
- ZOMETA

Brand Name Nasal Steroids (EENT Preps Class)

- BECONASE
- DEXACORT PHOSPHATE
TURBINAIRE
- NASONEX
- OMNARIS

- RHINOCORT
- TRI-NASAL
- VANCENASE

Brand Drugs for GERD/Acid Reflux (Proton Pump Inhibitors)

- ACIPHEX
- KAPIDEX
- NEXIUM
- PREVACID

Brand Drugs for Allergies (Non- Sedating Antihistamines Class)

- ALLEGRA ODT
- CLARINEX
- XYZAL

Brand Drug Sedatives (Sedative Hypnotics Class)

- ALURATE
- AMYTAL SODIUM
- BUSODIUM
- SOLFOTON
- DORAL
- LARGON
- PAXAREL
- LUNESTA

Brand Cholesterol Drugs (Statins Class)

- CRESTOR
- LESCOL
- LIPITOR

Future changes to the above list:

Please be aware that the above list will change and be updated over time as new generic options become available. If a brand name drug without a direct generic alternative that you take doesn't appear on this list now, it may be added at a later date when generic versions of other drugs in the same class become available. The best way to make sure you pay the lowest co-pay is to always ask your physician to prescribe generic drugs rather than brand name drugs whenever possible.

Please remember:

This list only includes drugs currently covered under Level II of the program. If you take a brand name drug that doesn't appear on this list, that drug may still be covered under Level I of the program. Refer to page one for details on Level I of the program.

Exclusions:

There are a few brand name drugs that are excluded from the Generic Prescribing Program (Both Level I and Level II.) These drugs include: Premarin®, Lanoxin®, Dilantin®, Coumadin® and Synthroid®. These drugs are not subject to the new Generic Prescribing Program rules and the new rules will not change what you pay for these drugs.

More About the Generic Prescribing Program

The Appeals Process

In rare cases, some people are unable to use a certain generic drug for medical reasons. There will be an appeals process through CVS/Caremark that physicians can use to request an exception if there is a medically necessary reason that a patient needs to take a brand medication instead of a generic. There will be no additional charge to you or your physician to file an appeal (however, your physician may charge you a co-pay for their time.)

Review Medications Regularly

In addition to always asking for generics whenever your doctor prescribes a new medication for you, it's also important to review your existing medication list with your doctor periodically at routine visits. As time

progresses, the patents on certain brand drugs expire and new generic options are developed. Once a generic option becomes available for a brand drug you use, the new generic program rules will apply and you will need to either switch to the generic option or begin paying the generic co-pay PLUS the cost difference between the brand name drug and the generic option(s) for your medication.

For More Information

You can find more information about this program on the Web at www.hr.msu.edu/generics. You can also call CVS/Caremark at 1-800-565-7105 or MSU Human Resources Benefits office at 517-353-4434 or 1-800-353-4434.

Cost Difference Examples

To help you understand how big the cost differences between brand name drugs and generic drugs may be after March 1, below are five examples of what a person might pay for various drug choices under the new program. Please note that these are examples only.

The actual cost of brand name drugs will vary from pharmacy to pharmacy and may change over time as pharmacies change prices. The best way to achieve predictable costs is to always choose generic options whenever possible. The 2010 plan year co-pays for generic drugs continue to be \$10 per 34-day supply or \$20 for a 90-day supply. (90-day supplies are available through mail order or MSU Pharmacies.)

| Brand Name Drug | Estimated Cost To You If You Use the Brand | | Estimated Cost To You If You Use a Generic Alternative | |
|-------------------------|--|---------------|--|---------------|
| | 34-Day Supply | 90-Day Supply | 34-Day Supply | 90-Day Supply |
| CRESTOR (20 mg) | \$95 | \$295 | \$10 | \$20 |
| LIPITOR (20 mg) | \$113 | \$316 | \$10 | \$20 |
| LUNESTA (2 mg) | \$165 | \$452 | \$10 | \$20 |
| PREVACID (30 mg) | \$171 | \$424 | \$10 | \$20 |
| NEXIUM (20 mg) | \$166 | \$472 | \$10 | \$20 |

More Information Coming Soon: MSU Human Resources is planning to host several question and answer sessions about this new program in January where you can learn more. In addition, CVS/Caremark will send enrollees private individualized letters in late November to help enrollees identify current existing prescriptions that may be impacted by the new rule starting March 1.