Health Benefits Primer , Part 4: Prescription Drugs

This month, we turn our attention to one of the most used, and most expensive, benefits in today's health care system. The costliest benefit, and biggest driver of increased health costs only 15 years ago was hospitalization. It was not unusual for hospital costs to increase by double-digit percentages year after year. In 2008, the situation is drastically changed, due to Medicare and insurance cost controls placed on hospital benefits, They are no longer the driving force behind higher health care costs. That dubious honor now goes to prescription medications.

The number of, and cost for, prescription drugs over the past 10 to 15 years has grown exponentially. Countless new drugs have been developed which treat major health concerns, such as high blood pressure, diabetes, and high cholesterol, all conditions which may shorten lives and/or severely limit one's quality of life. These medications have been truly miraculous, and have greatly improved our society's quality of life and longevity. There are other medications, however, which seem to have been developed to treat conditions that have been identified solely to support creation, and marketing, of a medication to treat the condition. Not to trivialize those who experience its symptoms, but restless leg syndrome is not the public health crisis that is adult onset diabetes. Other medications, such as those for weight control and smoking cessation, may be seen as crutches to avoid a person having to markedly change his or her lifestyle or come to terms with an addiction such as that to nicotine. Add direct-to-consumer advertising, featuring cute bees promoting nasal congestion medications or cute creatures representing the evils of toenail fungus, and more and more people are looking for an ever-increasing number of expensive, newly-developed and marketed medications when visiting their doctor.

This is the environment the welfare funds, and city-provided health plans, face when trying to use their limited resources to provide a comprehensive benefit package that addresses the medical necessities of our members. As a result, the funds have developed prescription drug programs that will address life sustaining conditions while limiting or excluding life-style medications so that all who require life sustaining or quality of life maintaining medications will receive critical medications. Each of the three CSA Welfare funds has a different benefit, which will be separately described below.

CSA Welfare Fund – Department of Education Active Members

The CSA Welfare Fund provides a comprehensive prescription drug benefit using both local retail pharmacies and the mail order service, MEDCO by Mail, to deliver cost effective medications for both acute and chronic conditions.

If you are prescribed an antibiotic, or a new medication, you may receive an initial prescription fill and up to two additional refills at the local pharmacy. Chronic medications are those used to treat conditions such as high blood pressure, asthma, high cholesterol, and the like. When prescribed a new medication that may be taken for an extended period of time, you are asked to obtain two prescriptions from your doctor. First, get a prescription for a 30 day supply, and take it to a local pharmacy. The first $ 50 of drug cost through a local pharmacy is a deductible. After that, you pay 10% of the cost of generic medication, 25% of a brand name formulary medication, or 35% of the cost of a non-formulary brand-name medication. The expectation is that after a month or two of experience your doctor can tell whether or not the new medication is well tolerated and having the desired effect. If so, once you fill the prescription for the third time,

send the 60 day prescription, along with a mail-order form, to MEDCO. You will receive up to a 60-day supply of medication for $ 10 if it is a generic medication, $ 25 if it is a brand-name formulary medication, or $ 35 for a non-formulary brand-name medication. The local pharmacy deductible is capped at $ 150 per family, and may be spread among all member of the family.

Certain medications, such as Coumadin and its generic, Warfarin, are excluded from the mail order program since their usage, and correct dosage, must be carefully monitored and frequently (and immediately) adjusted based upon frequent blood tests.

Some medications, such as those for certain life style conditions such as erectile dysfunction or acne for a person over age 19, are initially excluded from coverage by this plan. If an excluded medication is prescribed, a letter of medical necessity from the provider, on office letterhead, must be submitted to the fund office describing the need for the medication. If approved, an authorization to receive the medication is made in MEDCOs systems to enable receipt of the medication for one year. All prior authorizations must be recertified annually.

There is an annual maximum benefit of $ 15,000 per individual for the Welfare fund benefit.

PICA Program – Active Department of Education members and Retired Department of Education members under age 65

The PICA program was created in July of 2001, initially covering four of the most expensive classes of medications (Psychotropic, Injectible, Chemotherapy (and adjunctive therapy) and Asthma) in a special fund jointly managed by the Municipal Labor Committee, comprised of all New York City municipal unions, and the City. After 4 years, the psychotropic and asthma medications were returned to the welfare funds, and PICA remained the injectible and chemotherapy medications. These medications are provided to all active members and those retirees under age 65, regardless of health plan in which one is enrolled. The CSA Welfare Fund has elected to offer these medications as part of its regular prescription drug benefit, subject to the same co-payment and mandatory mail-order provisions as any other medication.

Day Care Directors and Assistant Directors

Active participants in the DCC/CSA Welfare Fund have a prescription drug benefit that is very similar to that of the active Department of Education participants. At the local pharmacy, the first $ 50 per year ($ 150 per family) is taken as a deductible, after which the participant pays a co-payment of 20% of the cost of the medication. Mail order usage is required after an original fill and one refill. Mail order co-payments are $ 10 for a generic medication and $ 25 for a brand-name medication. There is no formulary in the DCC/CSA Welfare Fund. Those medications paid under the PICA program for the Department of Education participants are included in the plan for the DCC/CSA Welfare Fund. The annual maximum per individual for this benefit is $ 10,000.

Retired Day Care participants not yet Medicare-eligible who choose to participate in the Welfare Fund have a reduced benefit. The benefit for the local pharmacy includes a $ 50 deductible, and a 20% copayment. The mail-order benefit has a separate $ 50 deductible. There is a maximum benefit of $ 1,500 per person per year for non-Medicare retirees.

To comply with the provisions of Medicare Part-D, the welfare fund does not provides a primary prescription drug benefit for Medicare-eligible Day Care retirees. Rather, the participant purchases his or her own Medicare Part-D drug plan, and the Fund reimburses up to $ 1,500 in out-of-pocket costs, including deductibles and co-payments.

CSA Retiree Welfare Fund – Retired Department of Education Participants

Participants in the CSA Retiree Welfare Fund do not have a primary prescription drug benefit provided by the Welfare Fund. All participants in this fund desiring a prescription drug benefit must purchase their health plan's optional benefits rider, which includes the prescription drug benefit, or enroll in the plan offered by a spouse's health plan.

Since the Retiree Welfare Fund does not provide a prescription drug plan, it reimburses costs incurred by fund participants (except for Medicare-eligible participants in the GHI Senior Care plan). After a $ 100 deductible, co-payments are reimbursed at 80%, to a maximum reimbursement of $ 5,000. This reimbursement applies to all retirees, including non-Medicare participants in the GHI-CBP plan. To claim reimbursement, the fund asks that you tape the pharmacy receipts to a standard 8 ½ by 11 inch piece of paper, in chronological order, and separated for each participant for whom reimbursement is claimed. The PICA program applies for all non-Medicare eligible participants.

For those participants who are enrolled in the GHI Senior Care plan, the fund can no longer reimburse the drug co-payments. As an alternate benefit, the fund reimburses $ 40 per month a member participates in the plan, with reimbursement made the following February (for example, reimbursements for 2008 will be made in February 2009). In addition, if a participant "escapes" the "donut hole", the fund will reimburse up to $ 5,000 of drug co-payments, at 100% with no deductible.

CSA Retiree Chapter Supplemental Benefit.

For those retirees in the CSA Retiree Chapter, the chapter reimburses an additional 15% of the welfare fund reimbursement. If the retiree is a participant in the GHI-CBP health plan the chapter supplement usually arrives within a week of the welfare fund payment, otherwise the chapter reimbursements are made quarterly in March, June, September, and December.

What is a Formulary, and why are Formulary Medications cheaper than non-Formulary Medications?

Many prescription drug programs, including that offered by the CSA Welfare Fund for active Department of Education participants, charge different co-payments for medications depending upon whether or not they are "on the formulary".

A formulary is a list of preferred drugs maintained by the pharmacy benefit manager (PBM), MEDCO, for active Department of Education and all Day Care participants and Express Scripts for most retirees. The formulary has nothing to do with the effectiveness or appropriateness of the medication, rather, it is a purely financial creation of the PBM. A PBM will identify all medications in a selected therapeutic class, such as cholesterol lowering medications, and an independent committee of medical professionals determines which medications are effective and achieve similar outcomes. The PBM then approaches the manufacturers of these medications, offering to make its medication a formulary, or preferred, medication in return for

rebates and/or pricing concessions. Those manufacturers who seek to increase market share will offer these concessions to the PBM, and the drug becomes a formulary medication. If a manufacturer does not offer concessions, or offers fewer concessions than another manufacturer, its medication is listed as non-formulary or non-preferred. With the exception of standard Medicare Part-D, there are few plans which exclude non-formulary medications from the plan – its just that you pay a premium, in the form of higher co-payments, for non-formulary medications over formulary medications.

Next Month*: Supplemental Medical and Catastrophic Stop-Loss Medical*