



How are you Managing Prescription Drug Costs?

For many, a benefits plan is measured on the value (and reimbursement level) of the prescription drug benefit. Many employers are finding it harder and harder to maintain the current benefit coverage due to rising utilization and prescription drug costs. In order to ensure the longevity of the plan, they are looking for alternatives to protect the company from future high cost claims.

For many employees, the prescription drug benefits can provide a lifeline to the much needed therapies that exist today. The coverage can be the difference between being able to come to work or being absent. For the employee, the plan is also key in protecting family financial security.

In order to understand which risk management strategies to use, we need to understand the types of prescriptions that are available. They can be classified into 3 categories:

- Acute
- Maintenance
- Specialty/Biologic

Acute medications are for immediate and sudden illnesses, a throat or ear infection are examples. They tend to be a relatively low cost and you need them right away. Once health has improved, you no longer need to take them.

Maintenance medications are often for the long term. Many are used to maintain a lifestyle or health level, cholesterol and diabetes are controlled by maintenance medications. These medications vary in price and the cost is on-going for the employee and the benefits plan.

Specialty medications are used for often serious or rare conditions. These medications can be life changing. They wield tremendous power and help people with serious conditions like Cancer or rheumatoid arthritis live closer to a normal life. However, that power can come at a substantial cost.

There are a number of solutions that can help employers manage their prescription drug benefit. Some options include:

- Prescription drug formularies
- Use of Preferred Provider Networks
- Prescription drug maximums
- Coordination of Benefits
- Proper stop loss or catastrophic claim coverage

At Peak Benefit Solutions Inc. we work with plan sponsors to find the best solution for you and your employees to ensure that the plan continues to have value while maintaining long-term sustainability through the implementation of risk management strategies.