Analysts expect 2003 prescription drug trend numbers to decrease compared with 2002. They attribute this drop to wider use of generics and decreased use of drugs with higher co-pays. It’s true across the nation and in your own organization: Generics are one of the fastest and most effective ways to reduce healthcare costs. With the current FDA support of expedited approvals, we can expect more new generics in the marketplace. That’s good news for plan sponsors because every new generic means additional savings opportunities.

Count on Generics is a special Caremark initiative to help your organization take advantage of lower-cost, FDA-approved, safe and effective generic pharmaceuticals. Count on Generics has two main areas of focus:

- Empower and educate participants about the safety and effectiveness, as well as the lower cost, of generic drugs.

For example, the new Caremark.com Web site and iBenefit report (see Cover Stories) provide individualized, actionable information about lower-cost prescription options, including generics. Our Count on Generics participant education toolkit (see Supplement, page 4) provides attention-grabbing materials to use in your organization.

- Develop new ways to maximize generic opportunities.

In this supplement, you’ll learn how one savvy plan sponsor achieved greater generic utilization with a bold new strategy. And, we’ll introduce the next step in increasing generic dispensing rates—moving beyond substitution of generic equivalents to therapeutic interchanges.

Increasing use of generics makes sense for everyone—participants, plan sponsors and healthcare consumers across the U.S.

Increase Your Generic Dispensing Rate: Savings Opportunities Beyond A-Rated Substitutions

Generic omeprazole, a proton pump inhibitor (PPI), costs less than its brand equivalent, Prilosec®. It’s also less expensive than the PPI Aciphex®, which is still under patent. Omeprazole is not substitutable for Aciphex, but it might be an appropriate choice for your participant—providing the desired clinical effect while saving both of you some money.

Generics are available in most of your big-spend therapeutic categories. You probably take advantage of generics with programs like autosubstitution, where an A-rated generic equivalent is automatically substituted (when allowed by the prescriber and state law) for the prescribed brand medication—like omeprazole for Prilosec.

Making the change from a brand to a non-equivalent generic in the same class (Aciphex to omeprazole) or across drug classes (Aciphex to OTC Zantac®, an H2-receptor antagonist also used for ulcers and GERD) is less common and not quite as easy. There may be a good reason for someone to receive a specific brand product. That’s why such interchanges always involve pharmacist/physician interaction. In some categories, such as anti-hypertensives, there may exist several very similar products at a range of prices. In such cases, an appropriate generic interchange, within or across a drug class, could save everyone money and still provide the desired clinical effect.

Through the Caremark Count on Generics™ program, our clinicians identify and manage situations where a generic may be an appropriate therapeutic interchange. Each type of interchange is approved by Caremark clinicians, as well as the independent national Pharmacy and Therapeutics (P&T) Committee. Successful implementation of therapeutic interchanges involves these steps:

Encourage participant investigation of treatment alternatives through plan design—Assess your objectives and strategy as well as your tolerance for disruption. Consider increasing the spread between co-pays for generics and brands. Some organizations provide coverage only for generics, require participants to try a generic before receiving the brand or exclude a category altogether.

Obtain physician approval—Through programs such as generic TIP (Therapeutic Interchange Program) and CustomCare Mail and Retail, Caremark always contacts a physician for approval on an interchange before the prescription is filled at mail or to suggest a lower-cost alternative for the next refill at retail. But,
it would be optimal to have prescribers consider a generic before the prescription is written, which leads us to...

Educate and empower participants—You want to increase their comfort level with generics. Make them aware that there may be lower cost prescription options for their treatment. Give them the tools to start the right conversation with their physicians.

For assistance, consider the Helpful Guide for Commonly Prescribed Medicines (pictured at right). Contact your Caremark account representative to find out about getting copies for your organization. Ask about other strategies to maximize your plan’s use of generics, too.

ABOUT A-RATED SUBSTITUTIONS

Therapeutic equivalence codes—those A and AB ratings—are assigned by the FDA to provide guidance on generic substitution. By classifying a generic as therapeutically equivalent, the FDA indicates that it can be substituted with the expectation that it will provide the same clinical effect and safety profile as the reference brand name drug. Only pharmaceutical equivalents (same active ingredient, dosage form, and strength) can be classified as therapeutic equivalents.

The FDA assigns generic drugs a 2-letter code based on their evaluation of therapeutic equivalence. Codes that begin with the letter “A” designate products the FDA has determined are therapeutically equivalent. The second letter in the code (the “sub code”) provides additional information about the basis for the classification. The most common code is “AB,” which means that the drug is a therapeutic equivalent that has met necessary requirements based on submitted data. The designation “AA” indicates that no additional studies were deemed necessary.

LONGEST PERIOD OF EXTENDED PATENT EXCLUSIVITY: PAXIL, 5 CONSECUTIVE 30-MONTH STAYS

GDR/GSR

Generic Dispensing Rate (GDR) is the percentage of generics dispensed compared to total prescriptions dispensed. Generic Substitution Rate (GSR) measures generics dispensed for brands that have generic equivalents.
The academic medical center at the University of Alabama, Birmingham (UAB), is nationally and internationally recognized for its medical research and technological innovation. With 13,500 eligible participants, the employee population includes professors, researchers, scientists, administrators, secretaries, messengers, maintenance workers, and more.

“This is a passionate population, and, as you might guess, there was a great deal of controversy around the health plan. We knew there were substantial savings to be had by increasing utilization of generics. The question was, how do we increase trial and acceptance?” explained Susan McWilliams, who administers the benefits plan for UAB’s diverse group.

“We were aware of other plans that had mandated generic substitution. We wanted to avoid mandates with our participants. We decided instead to incent change. We considered reducing our generic co-pay to $5. But, we felt we really needed to overcome skepticism by making them an offer that would be really hard to ignore. We finally decided to waive co-payments altogether for generics dispensed by mail for the first six months of 2002.”

It was a bold approach encouraging use of mail as well as generics (see chart below for the economics of the offer). McWilliams, an enthusiastic advocate of mail service, appreciated that participants were saving time and energy as well as money. Her expectations that the short-term program would have long-term results have paid off. UAB’s current generic dispensing rate is 3% higher than before the program.

A Strategy to Maximize Generic Utilization: Waiving Generic Co-pays

The academic medical center at the University of Alabama, Birmingham (UAB), is nationally and internationally recognized for its medical research and technological innovation. With 13,500 eligible participants, the employee population includes professors, researchers, scientists, administrators, secretaries, messengers, maintenance workers, and more.

“This is a passionate population, and, as you might guess, there was a great deal of controversy around the health plan. We knew there were substantial savings to be had by increasing utilization of generics. The question was, how do we increase trial and acceptance?” explained Susan McWilliams, who administers the benefits plan for UAB’s diverse group.

“We were aware of other plans that had mandated generic substitution. We wanted to avoid mandates with our participants. We decided instead to incent change. We considered reducing our generic co-pay to $5. But, we felt we really needed to overcome skepticism by making them an offer that would be really hard to ignore. We finally decided to waive co-payments altogether for generics dispensed by mail for the first six months of 2002.”

It was a bold approach encouraging use of mail as well as generics (see chart below for the economics of the offer). McWilliams, an enthusiastic advocate of mail service, appreciated that participants were saving time and energy as well as money. Her expectations that the short-term program would have long-term results have paid off. UAB’s current generic dispensing rate is 3% higher than before the program.

HOW CAN YOU SAVE MONEY BY WAIVING CO-PAYS FOR GENERICS?

<table>
<thead>
<tr>
<th>BRAND</th>
<th>GENERIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prozac® 20mg</td>
<td>fluoxetine 20mg</td>
</tr>
<tr>
<td>Gross Cost</td>
<td>$263.95</td>
</tr>
<tr>
<td>Minus Co-Pay</td>
<td>$40.00</td>
</tr>
<tr>
<td>Net Cost</td>
<td>$223.95</td>
</tr>
<tr>
<td>Net savings</td>
<td>$103.89</td>
</tr>
</tbody>
</table>

Note: Example is hypothetical. Prices represent a 90-day supply by mail. Savings can vary based on brand AWP pricing, negotiated generic price, dispensing fees, co-pay, participant cost share, etc.

COUNT ON GENERICS™ TOOLKIT AVAILABLE NOW

Educating and empowering your participant population to use generics whenever possible is a priority today. Our Count on Generics™ toolkit includes a CD with participant education tools that can be used in your organization to maximize generic utilization.

It’s available free from your Caremark account representative.