

August 11, 2009

To: SEBAC Leadership

From: Robert J. Krzys

Re: Prescription drug plan changes

The current health benefits program has **two** prescription drug plans. Both are administered by Caremark.

The first is the plan for **active employees and for future retirees**. Under that plan, employees pay either \$5.00 for a generic drug; \$10.00 for a brand name drug; and \$25.00 for what Caremark labels a non-preferred brand name drug. The \$25 co-pay does not begin until October 1st of this year, to give time for employees and doctors to transition to the new system.

The second is the plan for **current retirees** and the most recent wave of retirees under the Retirement Incentive Plan. Under that plan, employees pay either \$3.00 for a generic drug or \$6.00 for any brand name drug whether labeled as a Brand name drug or a non-preferred drug by Caremark.

In all cases and under both plans, the rule continues to be that **where there is a clinically equivalent generic drug available**, the generic drug will automatically be substituted for any prescription written for either a brand name drug or a non-preferred brand name drug. Where the employee/retiree insists on the brand name (preferred or otherwise), they would have to pay the generic co-pay (either \$5.00 or \$3.00) plus the difference in the cost between the generic drug and the cost of the brand name *unless they get an exception from their doctor*.

The only change is the process by which the exception is granted. The doctor simply writing "DAW" (dispense as written) on the prescription will no longer be considered sufficient. Instead, an employee/retiree can receive a brand name drug or a non-preferred brand name drug if his or her physician informs Caremark that use of the generic drug is inappropriate for the particular patient.

Therefore, under both plans, employees who are prescribed a drug by their doctor can always receive a brand name drug or can continue to receive a brand name drug if their doctor makes a request of Caremark and informs Caremark of a medical necessity for that brand name drug.

If there is no medical reason supplied, the generic will be dispensed, or the employee/retiree would have to pay the cost difference to get the brand name.

While the mandatory generic provisions are in effect now, the changes will begin to be enforced starting September 1, 2009.