

live well, work well

Health and wellness tips for your work, home, and life—
brought to you by the insurance and healthcare specialists at
Moreton & Company.

Saving Money on Prescriptions

When it comes to prescription medication, you are likely familiar with the terms “generic” and “brand-name”. But do you know what a drug formulary is? Did you know that like a generic drug, it can also save you money? The following will help you understand the three.

Drug Formularies

If you belong to a health maintenance organization (HMO) or your employer offers its own health insurance plan, chances are it uses a prescription drug formulary to maximize the effectiveness of its pharmacy benefits program.

A formulary is essentially a preferred drug list for a particular health plan. The drugs on the formulary have been evaluated and researched for safety and effectiveness, and are often the most cost-effective versions of commonly-prescribed medications. By using a single set of prescribed medications for most routine treatments, health plans are able to provide high-quality care and keep costs as low as possible.

Formularies are not static lists; they change as new drugs and research become available. Usually, doctors and pharmacists review medical and pharmaceutical literature when deciding which drugs to place on a formulary. Some insurers allow variation from their formulary in specific instances, while

others charge members a much higher copayment for medications that do not appear on the formulary.

Here is some basic information about a drug formulary:

- It is a comprehensive list of drugs expected to meet most patients’ needs.
- It is used as a way to provide cost-effective prescription drugs to members.
- It consists of both brand and generic drugs that have been approved by the health plan’s panel of physicians and pharmacists.
- It enhances the quality of medical care by identifying the best medicines from among the thousands of drugs now available. It is also a tool to help alleviate skyrocketing prescription drug costs.
- Formulary drugs are chosen for their safety, effectiveness, quality and cost.

To find out about your health plan’s formulary, talk to your company’s human resources representative.

Generic vs. Brand-Name

Some people think that generic versions of their prescription drugs are inferior, but the FDA requires that generic drugs meet the same standards as their

brand-name counterparts. The difference between the two involves the research, development, and marketing investment that went into the original brand-name product, on which drug manufacturers spend millions of dollars.

When “generic equivalents” – as they are often called – become available, they have the same active ingredients and chemical purity as the brand-name drugs they mimic.

Other ingredients such as tablet fillers, binders, coatings, or flavors may differ. Because their development costs are less, generic drugs are often priced substantially lower.

When you receive a prescription from your doctor, ask for a generic equivalent. Many health plans charge a lower copay for patients who choose generics.



Did you know...?

The reason not every brand-name drug has a generic equivalent is because they are generally given patent protection for 20 years from the date of submission for the patent. This provides protection for the innovator that paid for the initial costs of the drug, including research, marketing, and development.