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**Drug Coupon Cards**

Often, when a drug comes off patent protection, two scenarios play out:

1.) Many patients switch to the new lower cost generic alternative. They may do this for a couple of reasons: same health outcome at a lower cost; their drug plan will only pay for the generic drug. The switch in drugs also leads to lower sales for the brand name drug manufacturer.

2.) Patients who medically require the brand name drug and have a mandatory generic drug plan incur higher out of pocket medical expenses sometimes creating a financial burden which can also lead to lower compliance to their treatment plan and therefore poorer health.

Enter the emergence of the drug manufacturer coupon card. Also known as a patient choice or continuity of care card, these coupon cards are distributed to doctors to give to patients taking a particular drug. When patients fill their prescription, the cost not covered by their insurance is picked up by the drug manufacturer.

For example, in Ontario, the generic drug cost is set at 25% of the brand name equivalent. For a \$100 brand name drug, the generic would cost \$25. If a patient had a mandatory generic drug plan, the plan would pay \$25. The patient would present the coupon card and

the remaining \$75 would be paid by the drug manufacturer.

The coupon card therefore eases the financial burden for those with a limited drug plan but who want to continue with the brand name drug. The patient wins financially and in some cases also in terms of better health.

In this scenario, the patient gets their choice of drug (win), doctors don't have any extra paperwork to complete (win), there is no cost impact to the employer plan (win), and the drug manufacturer continues to make sales (win).

Win, win, win, win. It sounds a bit too good to be true. Before we address the catch (of course there's a catch!), let's look back at our November issue where we discussed the emergence of another trend – mandatory generic drug plans.

Typically drug plans are either: **brand name** (plan plays up to the cost of the brand name drug); **voluntary generic** (plan pays up to the lowest cost equivalent unless the doctor indicates on the prescription that there are to be no substitutions in which case the plan will cover the brand name cost); or **mandatory generic** (plan pays only to the lowest cost equivalent regardless of what the doctor puts on the prescription).

Many insurance companies are issuing blanket amendments to change all drug plans to mandatory generic. One of the driving factors behind this move is a spike in

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prescriptions being listed as “no substitutions”. Doctors are even beginning to use stickers for this because it’s being done so frequently. Case in point: At Sun Life from July 2011 to July 2012, the number of “no substitution” prescriptions for popular cholesterol controlling drugs, Lipitor and Crestor increased 138% and 262% respectively. While some “no substitution” notes may be supported by medical reasons, most are purely a patient choice typically based on the incorrect belief that the brand name is always a better drug.

Let’s return to our discussion about the coupon card and now look at how it impacts the various types of drug plans.

Coupon cards work well with the mandatory generic plan i.e. \$25 of a \$100 brand drug is paid for by the drug plan and \$75 is picked up by the drug manufacturer with the use of a coupon card. Without the coupon card, the patient would be out of pocket \$75.

However, if the plan is brand name or voluntary generic with a “no substitution” note, then the full \$100 cost is covered by the benefit plan and there is no use for the coupon card.

What some industry stakeholders are finding worrying is the *promotion* of the brand name drug itself.

Under a voluntary generic plan, when a doctor writes a prescription for a brand name drug and does not make any “no substitution“ note, in most cases, the pharmacist will

automatically substitute the lower cost generic alternative. In our example, the cost is \$25 and the plan pays \$25. However, the drug manufacturers are giving the coupon cards to doctors to promote the brand drug. Essentially they are telling doctors: keep your patients on the brand name drug and if cost is a factor, give them this coupon card and they won’t have to pay anything. What’s more, there’s no doctor required paperwork. The doctor gives the brand name prescription to their patient along with the coupon card. Now, the patient who would have otherwise received the generic drug (costing the plan \$25) receives the brand name drug but instead of being cost neutral to the private plan as promoted by the drug manufacturer, the full cost is borne by the plan.

There are approximately three dozen drugs with coupon cards available for them in Canada. It is worth noting that the blockbuster

drugs to control cholesterol (consistently one of the top 10 disease states for drug spending), Lipitor & Crestor both offer coupon cards.

Over the past number of years, plan sponsors have changed their drug plans from brand name to voluntary generics to help ease the pressure on their drug plan costs. They have spent a great deal of time and energy educating their plan members about the safety, efficacy, and cost effectiveness of generic drugs.

As the use of coupon cards becomes more popular, the cost savings of voluntary drug plans may be drastically impacted. Plan sponsors need to work with their benefit consultants to determine what is right for their plan.

Sources: “Patient choice cards: Who pays?”, Sonya Felix, Benefits Canada, December 5, 2012.

## Quiz Corner

*Put your mental mettle to the test and a \$50 prize in your pocket!*

**Seven people arrive at a meeting and each of them shakes hands once with each of the others. How many handshakes were there?**

**Answers can be sent to: [info@gmsinsurance.com](mailto:info@gmsinsurance.com) or by fax to 905-670-4146. We will draw a winner from the correct answers and announce the winner in the next newsletter.**

**Our January Quiz Whiz was Agnes Tyszka-Gasior who knew the correct answer. Congratulations!**