



spotlight on health

Straight Talk About Drug Benefit Plans

(NAPSA)—While drug benefit plans have become more common, there are still aspects of these benefits that some consumers can find confusing.

To help clear up the mysteries, here is some useful information courtesy of the Academy of Managed Care Pharmacy.

- **Are all generic drugs put through an FDA approval process?**

Yes. Generic drugs are just as effective as their brand-name counterparts, and every generic drug must be approved by the U.S. Food and Drug Administration.

The reason that generic drugs cost less—sometimes as much as 75 percent less—is because they aren't advertised or marketed, which is very expensive, and because the generic manufacturer didn't have to pay for research and development costs.

- **Why does your insurance plan have different co-payments for different drugs?**

To encourage patients to use the medications that cost the least, drug plans may make the co-payments for those medications



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the lowest. This can save money for everyone—the plan, your employer and you.

Many drugs can do the same thing or produce the same results. Your employer, your Medicare Part D plan or your union—or whoever is providing your drug benefit—has a budget, the same as you do.

It's their job to cover as many people as possible within that bud-

get and keep premiums as low as possible. So after the insurance plan does a thorough clinical analysis of the available medications to treat a condition, it negotiates the price with the manufacturers.

- **What's the difference between co-insurance and a co-payment?**

A co-payment is always the same amount of money—for example, a plan might charge \$5 for any generic drug, \$15 for a preferred brand-name drug and \$20 for any nonpreferred brand-name drug. But a co-insurance payment varies, because it is a percentage of the cost. As a result, if you have 50 percent co-insurance, a \$100 drug will cost you \$50 and your plan would pay the other \$50.

Some plans use a mixture of the two payment options, charging co-payments for generics and preferred brand-name drugs, but co-insurance on nonpreferred drugs. Be sure you understand your plan before you go to the pharmacy.

For more information about managed care pharmacy and drug benefit plans, visit www.amcp.org.