

THE TRUSTEE

December 2018

Rx

Prescription costs continue to skyrocket as the Congress procrastinates. Coupled with the FDA's (Food and Drug Administration) lack of timely oversight, the industry operations seem beyond the scope and understanding of those who are charged with controlling it.

The Trust plan uses a model where member co-pays are based on drug tiers that proceed from a lower level of generic drugs to Brand Name drugs and on to a higher level of Specialty drugs. The general standard is that generic drugs cost less than Brand Names and Brand is less than Specialty. It's not necessarily true anymore. There are generic drugs that cost more than Brand and some Brands that are more costly than Specialty drugs.

If a member purchases a \$20 generic, their co-pay is \$10. If the generic costs \$1,000, the co-pay is also \$10. If a non-Medicare member buys a Brand Name drug that costs \$300, the co-pay is \$35. If a Brand Name drug cost is \$8,000, the member co-pay is still \$35. For Medicare members, the Brand Name co-pay, regardless of drug cost, is only \$20.

Now, we have mandatory mail order after three (3) local fills or the member will have a double co-pay. Mail order is a 90 day (3 month) supply with a \$55 co-pay. A double co-pay penalty for a generic would be \$20 each month, times three months, for a total of \$60. With a difference of \$5, we have members who continue to use the local pharmacy. If it's a Brand Name, non-Medicare members who forego the \$55 mail order co-pay would pay a \$35 penalty each month for utilizing the local drug store for a total of \$105 over three months. Still, some continue to enjoy absorbing the penalty. For Medicare eligibles, the penalty would be \$60 over 3 months; only \$5 more than the mail order co-pay.

The most egregious violation is when there is a Brand Name drug that's available through CanaRx and the member continues to use either a local pharmacy or ProAct. With CanaRx there is no co-pay and the cost savings to the Trust is usually 50% or more. The penalty is a double co-pay, or \$110 based on mail order. So, where the member could save a \$55 co-pay and the Trust could save 50% or more, there are no winners, except for the drug vendors.

There is, generally, good compliance with the Trust model, but the few violators can create a significant impact on operational costs. An audit indicates that there are instances where the mail order price is higher than local pharmacies. The pharmacy benefit managers usually reap a spread of 17% plus rebates which are based on the quantity of prescriptions provided by the local pharmacy. It's a different pricing system from mail order. And, with mail order, they know ahead of time, maybe year after year, the order is there and they can adjust the price at any time.

There is price gouging by all connections between the manufacturing of the drug and the purchase by the member. Members need to be vigilant and cooperative with their plan rules or the rules may change. It's an out of control industry and those who have oversight are failing us.

RETIREE DENTAL

At the November quarterly meeting of the Trust, the Trustees voted, unanimously, to pay the second half of the semi-annual dental premium for all enrolled members who paid the first half premium.

This represents the 11th consecutive year the Trust has assumed the second half dental premium payment for retirees. Retirees who have the Trust dental coverage will not receive another premium invoice until the end of May 2019. It will be due by June 30, 2019 and will be for the first half of the 2019-20 school year.

ALLYHEALTH TELEMEDICINE

Members who are enrolled and registered in AllyHealth Telemedicine are reminded that they have 24/7/365 access to U.S. Certified doctors and pediatricians. When sore throats, fever, and coughs occur, avoid a member office co-pay and save the Trust an office fee payment by contacting an AllyHealth provider at 1-888-565-3303. Have your smart phone available to provide any requested video or pictures.

STUDENT OUT-OF-AREA

The first semester of college is wrapping up and the 2nd semester will begin in January. Members who have students enrolled in college outside of the 75 mile radius of Kingston and desire out of area coverage for them where providers are considered in-network for services should forward a copy of their Spring semester schedule and enrollment information to Kathy at the Trust Office by January 31, 2019. The Trust fax is (845) 339-0391.