

Your drug plan is a new evidence-based drug plan that is *powered by Reformulary™*. The changes associated with the Reformulary are innovative and different from other changes that have occurred with your employee benefits in the past.

## The Who, What, Why, and How's of Reformulary.

### What is a formulary?

A formulary is a list of drugs covered by your group benefit plan.

### Who is Reformulary Group?

Reformulary Group provides you with a new and innovative drug plan *powered by Reformulary™*. The Reformulary is an evidence-based formulary that will provide you with the best possible medication options, while helping employers actively manage their drug plan costs.

Go to [ [http://www.reformulary.com/index\\_en.php](http://www.reformulary.com/index_en.php) ] and check out Dr Mike Evans' visual lecture for more information about formularies and evidence-based drug plans *powered by Reformulary™*.

### Why does my company need an evidence-based drug plan?

Canadian companies now spend about \$280 million per week on prescription drug costs. Rising costs and the growing use of prescription drugs are making it difficult for many employers to maintain their current drug coverage. To afford their drug coverage, many employers in Canada have had to reduce benefit coverage (like dental coverage); others have had to increase premiums.

Your company has decided instead to change your plan to an evidence-based drug plan. This is the best way to lower prescription drug costs without reducing your benefit coverage.

## The What, Who, Why, and How's of Reformulary continued...

### How does an evidence-based plan *powered by Reformulary™* work?

Evidence-based drug plans recognize this fact: newer and often more expensive drugs on the market are not necessarily better than other medications used to treat the same medical conditions.

Reformulary Group has developed a drug formulary — called the Reformulary — that encourages employees and their doctors to select drugs that are effective, safe — and may cost less than other medications used for the same medical condition.

### How are drugs selected for the Reformulary?

Medications listed in the Reformulary are chosen by a group of expert doctors and pharmacists who know a lot about drugs. These drug experts have spent up to 5,000 hours reviewing and evaluating the safest, most effective medications to be covered by all drug plans *powered by Reformulary™*.

### What drugs are included in the Reformulary?

Based on the best medical research, the drug experts created a list of “preferred drugs” for each medical condition. Most medications in your existing plan are considered preferred drugs in the Reformulary.

Decisions as to which drugs are preferred are based on:

- **Clinical effectiveness:** how effective the drug is; and
- **Cost effectiveness:** the cost of the drug compared to similarly effective drugs.

Preferred drugs can be offered to you at the lowest co-pay available in your drug plan. This means the percentage of the drug cost that you are paying will be the lowest in your plan.

### Will this mean my drugs will not be covered?

The Reformulary covers up to 8,000 drugs. If your drug is not in the Reformulary today, it is likely still covered by your plan. Please refer to your drug plan for complete plan coverage, limitations, and exclusions specific to your prescription drug benefit.

### What happens if I can't find my drug on the Reformulary or when I search for it in DrugFinder?

The Reformulary covers up to 8,000 drugs and numerous medical conditions, but it does not cover all medical conditions. If your drug is not listed in the Reformulary today and you cannot find it on Drug Finder, it may still be covered by your plan. Please refer to your drug plan for complete plan coverage, limitations, and exclusions.

## How does this affect my family and I?

### What happens if I am taking a non-preferred drug?

You have two-co-pay options if the drug you are taking is not preferred.

**Option 1:** You may continue taking the non-preferred drug. It is still covered in the Reformulary — but the co-pay (the percentage of the drug cost that you will be paying) will be higher than a preferred drug alternative.

**Option 2:** Talk to your doctor or pharmacist about taking a preferred drug in the Reformulary. A preferred drug is a similarly safe and effective way to treat your medical condition — and is offered to you at the lowest co-pay in your plan.

If you happen to be taking a “grandfathered” drug, you have some extra time — up to 6 months or more, depending on the drug — to consider taking a similarly effective drug at the lowest co-pay. Some drugs are grandfathered indefinitely.

### How will the change to the drug plan affect my family and I?

Most likely, you will not notice much change when you have your prescriptions filled at your local pharmacy. Most medications in Canada are covered by the Reformulary. For preferred drugs, your co-pay will likely be similar to what you paid in the past.

All employees who are taking non-preferred drugs will be notified of their two options:

**Option 1:** They may continue taking the non-preferred drug. It is still covered in the Reformulary — but the co-pay (the percentage of the drug cost that you will be paying) will be higher than a preferred drug alternative.

**Option 2:** They may talk to their doctor or pharmacist about taking a preferred drug in the Reformulary. A preferred drug is similarly safe and effective way to treat a medical condition — and is offered at the lowest co-pay in the plan.

## What is DrugFinder?

Go to DrugFinder at [www.reformulary.com](http://www.reformulary.com) and enter your company ID and password. DrugFinder will provide you with:

- Complete preferred drug listing for medical conditions covered in the Reformulary
- Similarly effective alternate drugs to consider for all non-preferred drugs
- Clinical conditions (grandfathering, step therapy, special authorization, quantity limits)
- A customized “Note for My Doctor” outlining preferred drug options at the lowest co-pay, to take to your doctor

## How often is the Reformulary updated?

The Reformulary is continuously reviewed to ensure that new drugs coming onto the market are assessed by the group of experts and covered, as appropriate. A formal update of the Reformulary is done every quarter. For the most current Reformulary, go to DrugFinder at [www.reformulary.com/drugfinder](http://www.reformulary.com/drugfinder)

## Impact of Increasing Drug Costs

### What is happening with drug costs in Canada? Why do costs continue to go up?

Drug plan costs continue to go up for many reasons:

- It costs more to develop new drugs.
- The type of drugs being developed is changing (e.g. biologics).
- More and more Canadians are using drugs.
- Most plans pay for every new drug at any price.
- The baby boomers are getting older and taking more medications.

### Who is paying for these increases?

You are. It might mean you are paying more for your insurance premiums, or you are getting less coverage for other things you care about (like massages, physiotherapy, eye glasses, etc).

### Why do employers have to manage their drug plans better?

It is not just employers. It is employees too. If employers and employees do not work together to manage drug costs, then benefit plans as we know them will disappear. Employers may need to cut benefits, or benefit plans, altogether. This is not in anyone’s interest, especially employees. That is why employees need to learn about drug costs, and take responsibility for the management of their drug costs — just as they do with the costs of other important things in their lives.

## Impact of Increasing Drug Costs continued...

### What does subscribing to the Reformulary mean for my drug plan?

Your drug plan *powered by Reformulary™* will help your employer sustain your benefit plan over time, while providing you with effective drug options to treat your medical condition.

## About Your Drug Benefits

### Who pays for my drug plan?

For most employee drug plans in Canada, the cost of the plan is shared between you (the employee) and your employer.

### What is a co-pay?

A co-pay is the percentage of the prescription cost you pay for your drugs. Let's say the co-pay for a drug is 20%. This means you will pay 20% of the cost of your prescription — and your employer will cover the remaining 80% of the cost. In other words, if the drug costs \$100 at the pharmacy, you would pay 20%, or \$20. Your employer would pay 80%, or \$80.

In the Reformulary, there are three different co-pay levels or “tiers”. Go to your Plan Administrators website to find out the co-pay tiers for your drug plan.

### What is a preferred drug?

A preferred drug in the Reformulary is a drug that is available to you at the lowest co-pay level available in your drug plan.

### How can I tell if the drug that I am taking is preferred?

Go to DrugFinder at [www.reformulary.com/drugfinder](http://www.reformulary.com/drugfinder) and enter your company ID and password. DrugFinder provides you with:

- Complete preferred drug listing for medical conditions covered in the Reformulary
- Similarly effective alternate drugs to consider for all non-preferred drugs
- Clinical conditions (grandfathering, step therapy, special authorization, quantity limits)
- Customized “Note for My Doctor” outlining preferred drug options at the lowest co-pay, to take to your doctor

## About Your Drug Benefits continued...

### I do not see my drug in the Reformulary. Will it be covered?

The Reformulary covers thousands of drugs. If your drug is not in the Reformulary today, it will likely still be covered by your plan. Refer to your drug plan for complete plan coverage, limitations, and exclusions specific to your prescription drug benefit.

### What happens if I am taking a non-preferred drug?

You have two-co-pay options if the drug you are taking is not preferred.

**Option 1:** You may continue taking the non-preferred drug. It is still covered in the Reformulary — but the co-pay (the percentage of the drug cost that you will be paying) will be higher than a preferred drug alternative.

**Option 2:** Talk to your doctor or pharmacist about taking a preferred drug in the Reformulary. A preferred drug is a similarly safe and effective way to treat your medical condition — and is offered to you at the lowest co-pay in your plan.

### What does it mean to have a drug that is “grandfathered”?

If you happen to be taking a grandfathered drug when your new drug plan is launched, you have some extra time — up to 6 months or more, depending on the drug — to consider taking a similarly effective drug at the lowest co-pay. Once the grandfathering period expires, you will have to start paying a higher co-pay for your grandfathered prescription.

### What clinical conditions apply to the drug I am taking?

For some drugs in the Reformulary, a set of clinical conditions must be met before the drug is considered preferred. The conditions include Step therapy, quantity limits, and special authorization.

## Clinical Conditions

### Step Therapy

Certain **step therapy** drugs require you to first try one or more prerequisite drugs before being covered at the applicable co-pay under your plan. Prerequisite drugs are Health Canada approved, treat the same medical condition(s) and are available to you at the lowest co-pay level. If you try one of the prerequisite drugs and it is necessary to go to a drug on the step therapy list, it will likely be covered at the lowest co-pay under your plan.

### Special Authorization

Some drugs require **special authorization** from your doctor to make sure that the drug is the most appropriate choice for you. This means that you need approval from your plan before filling your prescription. If approved, you will likely be covered at the lowest co-pay under your plan. If you do not get approval, your plan may not cover the drug.

### Quantity Limits

**Quantity limits** exist on certain preferred drugs and therapies to ensure they are used appropriately. If you choose to take more than the quantity limit, you will pay a higher co-pay on this additional amount.

## Drug Options

### Do I have options when it comes to the drugs I take?

Yes, you do. Supported by clinical evidence, the drugs listed in the Reformulary are all safe and similarly effective at treating a medical condition. If a drug is deemed not to be safe, it will not be included in the Reformulary.

### If all preferred drugs in the Reformulary are similarly effective, should they not all cost the same?

No. Within a class of drugs, there can be a significant difference in the cost of the drugs and there are many reasons for this. For example, generics usually cost much less because they are copies of brand drugs. Also, new drugs can cost much more than a drug that has been on the market for a while. With these great variances in cost, it is important that employers and employees be very conscious about their options when it comes to medications. Actively managing your drug costs is imperative as it can make a huge difference in how much you pay out-of-pocket in the end.

## Drug Options continued...

### What is the difference between a generic drug and a brand drug?

Generic drugs are copies of brand-name drugs. Generic drugs are “bioequivalent”, which is a pharmaceutical term that essentially means that a generic drug has a similar clinical effectiveness as the brand drug, and is safe and similarly effective at treating a medical condition. Like brand drugs, generics are approved by Health Canada before they can be sold on the market. An example of a generic drug is *rosuvastatin*. *Rosuvastatin* is used to treat cholesterol, and its brand drug equivalent is called CRESTOR. Both are covered in the Reformulary.

### Are generic drugs cheaper because they are not as good as brand drugs?

No. Generic drugs are only cheaper because the manufacturers have not had the expenses of developing and marketing a new drug. It works like this: When a pharmaceutical company brings a new drug onto the market, it has already spent a lot of money on research, development, marketing and promotion of the drug. Developing new drugs can be very expensive. To recoup those significant investments, a pharmaceutical company can “patent” its drug. This patent gives that company the exclusive right to produce and sell the drug for a specified period of time. Patents do not last forever. As the patent expires, other drug manufacturers can apply for permission to make and sell generic versions of the same drug. Remember, these generic drugs are similarly effective and just as safe as the original brand. But without the development costs, generic companies can afford to make and sell the generic drugs less expensively.

### Do generic drugs take longer to work?

Generic drugs should work just as fast as the original brand name products and are similarly effective. The “active ingredient” must be the same in both generic and brand drugs, ensuring that both have similarly medicinal effects. Sometimes, generic versions of a drug have different colours, flavours, or combinations of inactive ingredients than the brand name products.



## Drug Options continued...

### Do more expensive drugs work better?

Sometimes there is a wide price range for the preferred drugs listed in the Reformulary that treat your condition. The more expensive drugs do not necessarily work better than the lower priced preferred drugs. Why?

- Many of the preferred drugs in the Reformulary have been on the market for many years and for this reason, their patent has expired. This means a generic drug company can make a safe and similarly effective generic version of the original product, at a much lower cost. For many medical conditions in the Reformulary, you will see both the brand and the lower priced generic options.
- Some newer and more expensive drugs in the Reformulary offer major advantages over the older medications, and may be listed as a preferred drug in the Reformulary.

## Common Employee Questions — Doctor and Pharmacist

### Do I involve my doctor in the changes in my drug plan?

Your doctor's role is key. He or she is the person who knows you and your medical condition — and will prescribe the right medication for you. In some cases, you may need a new prescription from your primary health care provider (your doctor nurse practitioner), or, in other cases, your pharmacist may be able to dispense a preferred drug.

### Won't my doctor be upset?

Most doctors understand how expensive medications are in Canada, and will work with you to help lower your co-pay.

### How should I talk to my doctor?

The DrugFinder website could help with this conversation. It provides a handy listing of all the non-preferred drugs in the Reformulary and their preferred drug (lowest co-pay) alternatives available to treat your condition. There is also a "Note for My Doctor" you can print from DrugFinder at [www.reformulary.com/drugfinder](http://www.reformulary.com/drugfinder) that outlines preferred drug alternatives treating your specific medical condition.

### What can my pharmacist do to help me with my plan?

Another person you may want to talk to about changes in your drug plan is your local pharmacist. Often times they can help with the discussions with your doctor and, like your doctor, are usually happy to work with you to find a lower cost option for your medications. Some pharmacists will even recommend a medication review to see how you can get the maximum benefit from the drugs you are taking.

## Common Employee Questions — Doctor and Pharmacist continued...

### What can I do to help?

Start actively managing your own drug costs with the help of DrugFinder ([www.reformulary.com/drugfinder](http://www.reformulary.com/drugfinder)).

If employees and employers do not work together to manage drug costs, then benefit plans as we know them could disappear. That is why you need to learn about drug costs, and take responsibility for the management of your drug costs, just as you do with the costs of other important things in your life.

Find out whether the drugs you and your family are taking today are preferred or non-preferred.

- **For existing prescriptions:** If you or someone in your family is taking a non-preferred drug, contact your doctor or pharmacist and see if you can be prescribed a preferred drug (with the lowest co-pay available in your plan) to treat your condition.
- **For new prescriptions:** When you go to your next doctor's appointment, take along the Note for my Doctor from the website. If your doctor happens to prescribe you a new drug, remember to check with your doctor to ensure your new prescription is a preferred drug in the Reformulary. If it is not, consider if any of the lower co-pay alternatives could work just as well for your condition.

## Difference in the Cost of Drugs

### Why does my prescription at a nearby pharmacy cost \$20 less than the pharmacy at the shopping centre?

To understand why, you need to know what you are paying for when you buy your prescription.

The cost of a prescription is made up of the Manufacturer's List Price for the drug — the MLP — which is really the sticker price the drug manufacturer charges for the drug.

However, you, the consumer, do not pay the MLP. You pay something higher. Sometimes, wholesalers mark up the MLP on the drugs they distribute. Your pharmacist then marks up the wholesaler's price. The mark-up is a percentage of the MLP, and can range from 10% to much higher. And one last cost is your pharmacist's dispensing fee — ranging from \$4 to \$16 depending on the pharmacy — for filling your prescription.

So yes, pricing does vary for the same drug. The price you pay for the drug you are taking depends on the mark-ups that have been applied to the MLP. It pays to shop around!

## Difference in the Cost of Drugs continued...

### How can I read my prescription (Rx) receipt to better understand the mark-ups?

The price you see on the Rx receipt is what is known as the “drug ingredient cost”. This is made up of the MLP, the wholesaler’s mark-up and your pharmacy’s mark-up. Typically, you pay a percentage of this drug ingredient cost according to your drug plan. In insurance terms, this is what is called your “co-pay”. Your employer pays the rest.

Depending on your plan, you also pay all or a portion of the pharmacy’s dispensing fees — which can range from \$4 to \$16, depending on the pharmacy.

### How is the Reformulary saving me money?

Take the cholesterol drug category as an example. There are dozens of drugs on the market that treat cholesterol. Some are better than others; some are more expensive than others. Based on our evaluation of the clinical and cost effectiveness evidence that is available today, we selected the most effective drug treatments for the Reformulary — both generic and brand name drugs. In our cholesterol example, each cholesterol drug listed in the Reformulary is similarly effective at treating your condition. The only difference is the price you pay.

This means you now have a choice about how much YOU spend on your cholesterol prescription. If you are prescribed a preferred drug, your “co-pay” — the percentage of the cost of your prescription that you will be paying out-of-pocket — will be the lowest available in your plan. If you are prescribed a non-preferred drug in the Reformulary, the drug is still covered, only you will have to pay a higher co-pay.

By choosing a preferred drug in the Reformulary, your co-pay is the lowest in your plan. That is how the Reformulary saves you money.

### I have received a coupon for the drug I am taking. Doesn’t this save me money?

Not necessarily. The prescription gets paid by your own plan first. If you have access to a second plan or your spouse’s plan, then THAT plan will pick up the balance. Only in some cases would the pharmaceutical company bear part of the cost.

Keep in mind that the manufacturer can stop honouring the coupon at any time, as described on the back of the coupon. And consider that the company that administers the coupon system may collect your personal information, including information on the specific drug that you are taking.