

Employee drug plans: who's involved?

Knowing the key players and their roles saves time and frustration in the dispensary

One thing they didn't teach us at pharmacy school is how prescription drug plans work. Eventually, many of us find ourselves behind the dispensary, trying to make sense of it all. But it's much easier to understand once you know how the system works and how the various players fit into the process. So here goes:

THE EMPLOYER

First, an employer, or plan sponsor, decides to offer a prescription drug plan benefit as part of an extended health benefits package for employees and their dependents, and, sometimes, retirees. Prescription drug coverage is part of the health benefits package that typically also includes vision care, dental care, coverage for certain medical supplies, etc.

Either directly, or with the aid of a benefits consultant, the employer will:

- negotiate the annual drug plan premiums with the insurer based on the plan's composition (age and number of lives included) and its experience (the number and amount paid for drug claims in the past);
- determine which drugs will be included/excluded for coverage by the plan, any cost-sharing arrangements with the employees (deductibles, co-pays), and any additional strategies to manage costs and utilization (generic substitution, dispensing fee caps, etc.); and
- decide whether the plan will be administered with a reimbursement format (patient pays the full cost of the prescription at the dispensary and mails the receipt to the insurer for reimbursement) or a pay-direct drug card (direct, online adjudication).

THE INSURER

Once the plan design and parameters are determined in a written contract, insurers (i.e. Standard Life, etc.) contract the services of a pharmacy benefits manager (PBM), such as BCE Emergis/Assure Health, to administer and adjudicate claims being submitted online. Alternatively, larger employers capable of assuming greater risk may wish to have a non-insured arrangement directly with an administrative services only (ASO) PBM such as Claims Secure (previously RxPlus) for its pay-direct drug plan.

THE ADJUDICATOR

The insurance company or the PBM adjudicates the pharmacy drug claims according to the plan

description defined by the contract with the insurer and the employer. The important point here is that it is the employer who is the key decision-maker in the process of determining which drugs will be eligible for coverage and to what extent.

It's important to note that the PBM's contract with the insurer



PAYER ISSUES

by Chris von Heymann

states that they must not communicate directly with the patient/beneficiary. Employees must communicate through human resources to deal with adjudication issues such as date of birth errors and annual deductibles.

THE BOTTOM LINE

Pharmacists also need to remember that there is someone in this process who bears the cost of the prescription claim—in this case, the employer. In our efforts to provide high quality service to our patients—while also maintaining a healthy profit margin—we sometimes fail to recognize this. Recommending and filling prescriptions for the “latest and greatest” drugs, just because the individual has a drug plan, will have a direct financial implication for the employer. Ultimately, they are the one who picks up the tab through increased premiums in the future.

As plan sponsors grapple with managing double digit increases in the cost of their plans, the long-term sustainability of the private drug plan is being questioned. The bottom line is this: a drug plan is a benefit offered by the employer to its employees and their dependents. It is not a requirement, it is not an entitlement and it is not a bottomless pit. If it is lost as a benefit, the patient loses—and so does community pharmacy. ❁

Chris von Heymann is a consultant in the benefits industry and practises pharmacy part-time in the community.