



Pharmacy Frugality

How to save money on your prescriptions

Brian D. Harrison MD

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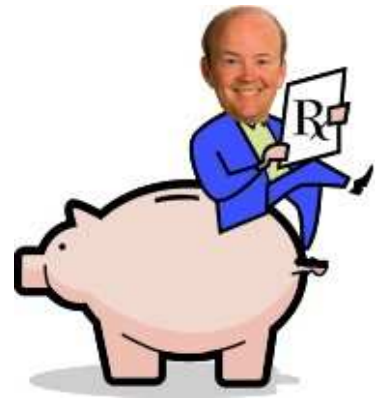
PHARMACIST TO CUSTOMER: "Do you have any questions about your prescription?"

CUSTOMER TO PHARMACIST: "No. Thanks."

This polite five-second exchange occurs hundreds of times a day at most retail pharmacy counters around the country. Unfortunately, some of those same customers are involved in this common dialog, too:

DOCTOR TO PATIENT: "The prescription hasn't controlled your condition as well as I expected. Are you taking it every day?"

PATIENT TO DOCTOR: "No. It was too expensive, so I eventually stopped buying it. I've got to pay my bills, you know!"



I have an idea! Next time a pharmacist wants to know if you have any questions, ask "How can I make my medication more affordable?" And, ask your doctor, too!

They can probably help you save money by exploring these and other options:

Over-the-Counter (OTC) Medications

It's worth asking your doctor if an OTC medication will work as well. Some gastro-esophageal reflux disease (GERD) drugs, allergy medications, and anti-inflammatory drugs have OTC options, for example. Sometimes the doctor can recommend a higher dose of an OTC drug, which will make it as effective as a prescription. But only the doctor should decide this, so you must ask first. It would be foolhardy to "play doctor" yourself! OTC medications are easier to access and are less expensive, but they should be taken just as seriously and cautiously as prescription drugs.

Generic Drugs

Ask your doctor or pharmacist if your medication is available in generic form. All but the newest medications, those still under patent, can be bought in generic varieties. You can be confident they will work as well, because all FDA-approved, generic medications, both prescription and over-the-counter (OTC) must:

- contain the same active ingredients in the same amounts as branded products
- have undergone the same quality and safety reviews
- show equal effectiveness

In some situations, your doctor may decide that only the brand name product is right for you, and ought to be able to tell you why that's a better idea. Otherwise, go generic!

Cash and Carry

Most often, pharmacy charges are submitted to insurance, leaving you with just a co-payment. But sometimes, it's cheaper to pay out of pocket and not submit the cost to insurance at all. That's because most plans will only pay for a month's supply at a time. But a larger supply, three months for example, usually costs much less per dose. So, it may save money to pay full price once for a three-month supply of your daily medicine, rather than paying the monthly co-payments three times. For example, a \$10 or \$20 per month co-pay over three months may total more than the full cost of a three month supply. If your prescription is generic, this is probably true. If so, you can save money and make fewer trips to the drug store!

Pill Splitting

Ask the doctor or pharmacist if you can have a double strength tablet to then split into single doses, which saves money. But, **DO NOT SPLIT PILLS UNLESS SPECIFICALLY ADVISED!** It can be dangerous with some medications. But many can be safely split, so ask about this economical option.

“Lower Tier” = Lower Cost, on Drug Formularies and Preferred Drug Lists

Health plans make lists of preferred medications, ranking them in two to three categories or “tiers.” Physicians and pharmacists, both internal and external to the health care plan, create the lists using the best value options. Co-pays are lower for drugs they list on lower tiers. If your doctor recommends a medication that's not on your plan's preferred list, or on a higher tier, ask if there is another choice. If you can use an equally effective drug from a lower tier, your co-pay will be lower. Again, you should follow your doctor's advice, but the only way to know is to ask!

Fund your Flexible Spending Account (FSA)

Ask your company's Human Resources Benefits department how you can create an FSA. These are pre-tax employee benefit plans, also known as Cafeteria Plans, Pre-Tax Plans, or Section 125 Plans. You fund them by designating a certain amount of money you want directed from each paycheck into your account. There are two advantages in using this money to pay for your medicines, or even just your co-payments:

- First, this money isn't taxed. The income you redirect to your FSA is not subject to the 7.65% FICA tax, the 15%-39% federal tax nor the average 5-7% state tax. Total tax savings will vary from individual to individual based on the employee's income tax levels. But, there is **no** tax liability on this money for anyone. Not when you contribute through payroll contribution, not when you are reimbursed for your eligible expenses and not when you file your income tax return. These funds remain tax-free.
- Second, all the money you will be contributing during the plan year is available right away. You can access the total amount you have elected to contribute in the coming plan year throughout the course of the year, regardless of the contribution level at the time a claim is submitted for reimbursement. You don't need to first “build up” the account. It's like an interest-free loan you make to yourself.

The medical reimbursement account maximum is \$5,000 per tax year. However, there are efforts in Congress to lower this to \$2,500.* Still, that is a considerable amount of money that can be used for medications, co-payments, and other health care expenses.

You can use the pre-tax funds to pay eligible expenses for your spouse, dependents as well as yourself. Your contribution can be used for any qualified medical expenses you or your dependents receive during the course of the plan year, whether planned expenses or not. You may use the funds for predictable expenses such as orthodontia and vision care or for unexpected office visits, emergencies, dental crowns, prescriptions, etc.

And, since January 2, 2004, certain over-the-counter medications (e.g., antacids, allergy medications, pain relievers, cold medicine) are now eligible for reimbursement under FSA. They do not, however, currently qualify as deductible medical expenses on your U.S. tax return. In order for over-the-counter drug costs to be reimbursable under the plan, items must be purchased for personal use or for use by a spouse or dependent, and the over-the-counter drug must alleviate or treat personal injury or sickness.

To submit over-the-counter drug expenses, the receipt must clearly identify the name of the product/drug, the name of the provider/merchant, the purchase date, and the amount paid. A receipt stating "Pharmacy" as the description is not acceptable; nor is it acceptable to submit the packaging in lieu of a receipt.

It's very important, though, to carefully determine the amount of money you want withheld from each paycheck. That's because whatever you don't use by the end of the year will be lost forever! Your employer can't return unused funds to you. Whatever you don't spend will be wasted. Fortunately, the year's cost of a daily medicine is easy to estimate. Most pharmacies can run a computer report for you of all of last year's expenses. If nothing changes about your medicines, those costs will probably continue. You can elect that much money to be deferred into your FSA, and then start spending it right away to keep your prescriptions refilled.

Mail Order – Many health plans arrange discounts with mail order pharmacies. And these contracts allow purchase of larger supplies, three months for example, with co-pay savings.

Pharmacy Chain Generic Discount Programs – You may have heard of "big box" chain store pharmacies with cut-rate discounts on certain generic medications. They offer 30-day supplies for four dollars, for example. These deals give customers big savings, but only apply to certain generic products. To get these deals, first ask your doctor if your medication can be generic. Then see if yours is on the store's discount list. To do this, enter the name of the store and "generic discount list" in an Internet search engine. You could also search the web site of the pharmacy chain you want (disclaimer – Occ Doc in a Box gives no commercial endorsements!).

Brand-Name Cost Savings – Finally, I have a tip to reduce the price of name brand (non-generic) medications. Look into the "patient assistance program" and "drug discount cards" of the manufacturer of the prescription you take. All of the major drug companies have these, although they may not cover every medication they make. Most require that you meet financial eligibility requirements. These requirements are less stringent for the discount cards than the patient assistance programs. These can provide a large discount ranging from 20 percent all the way to "free." You can easily learn if you and your medicine are eligible by using a very handy web site. A non-profit group called Rx Assist has a searchable database that makes a great clearinghouse for information about these programs:

<http://www.rxassist.org/default.cfm>

REMEMBER – As Occ Doc in a Box has said many times before, the most expensive prescription may be the one you don't buy! If your doctor has prescribed a medicine, but you don't take it or stop it too early, you may have lost most of the value of that medical appointment. And your condition may be untreated, won't improve, and may worsen. Since medications can be costly, talk with your doctor, your pharmacist, and your HR Benefits representative so you can stay on your medicine and still be FRUGAL AT THE PHARMACY!

* If you want to take action to protect FSA from new limitations go to <http://savemyflexplan.org/>.