

HR insights

The Benefits of Generic Medication

As consumer-driven health plans (CDHPs) continue to grow in popularity, many employers are looking to similar strategies to control the rising cost of prescription drug coverage. Increasing employee use of generic medication may be one of the most effective ways to make an immediate impact in your budget.

FDA-approved generic drugs are as safe and effective as their brand name counterparts, but are significantly less expensive because the companies don't need to spend money on clinical trials, advertising, promotion and marketing. The fact that generic drugs are often 80 to 85 percent cheaper can save your organization significant amounts of money.

According to the FDA, generic medications save \$3 billion every week, more than \$150 billion annually. Boosting the use of generic medications by incorporating the strategies of CDHPs into your prescription coverage design can save you and your employees significant amounts of money.

Benefits Communications

CDHPs rely on an informed consumer to make intelligent health care decisions. Though many of your employees may be willing to use generic medication, they may not know enough about them to see the advantage or to feel comfortable doing so.

Consider integrating information about generic drugs into your benefits communications. Send informational payroll stuffers or emails to employees explaining the differences between generic and brand name medication and encouraging them to request generics when filling a prescription. You may wish to reach out to employees through social media with additional information regarding generics.

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To maximize generic use, keep employees up to date on the newest approved generic medications through this FDA site:
www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/DrugandBiologicApprovalReports/ANDAGenericDrugApprovals/default.htm.

Copayments

By exposing employees to the higher cost of brand name medication, employers are able to encourage them to select the less expensive option, creating savings for both employer and employee.

By raising the copayment amount of your plan, employees will ideally take a proactive approach to their health care and consider using generic medication instead of filling a name brand prescription.

Mail-Order Pharmacies

Some of the larger mail-order pharmacies report an increase in generic substitutions among members. It may be worth

considering incorporating a mail-order pharmacy component into your current health plan.

For informational employee resources such as payroll stuffers and flyers, materials about how to communicate effectively through social media, or ways to incorporate consumer-driven elements into your prescription medication plan, contact your Sullivan Benefits representative.

