

# White Paper

*"Are the high costs of prescription drugs making your employees sick?"*

## **Why every employer must adopt a Prescription Drug Advocacy program**

By

William L Stafford, CLU, ChFC, CHC

Background:

Nearly every prescription drug plan currently being offered by employers are tied to a Co-pay/Benefit Plan. These programs, whether offered by the insurer or carved-out and offered through a direct employer/Prescription Benefit Management (PBM) firm, have done a pretty good job of providing value to employers and employees in recent years.

However, these programs really benefit those solidly in the middle of the cost bell curve, not those to the right of the mean on the cost continuum. It is this group of high cost, short term treatment and brand maintenance drugs that a quality prescription advocacy firm helps. When employees cannot afford needed medications, they don't take them, don't get necessary refills, or take fewer than directed necessary to obtain positive results. These behaviors lead to higher than normal absenteeism, presenteeism, and substantially higher medical cost from both professional and institutional providers.

You are probably asking yourself, "If I already have a prescription drug plan and/or prescriptions are covered by my medical plan, why do I need a prescription advocacy program?". This is an appropriate and fair question.

Simply put, we know from our experience, that depending upon the demographics of a given employer combined with the benefit plan design offered to their employees, 10% to 35% of the employees or their dependents of any given workforce will qualify for free and/or reduced cost prescriptions drugs. This will relieve substantial financial stress for the employee and have an additional, positive result in productivity.

Let's take a look at the current environment first so that we can better understand how prescription drug advocacy services can have a positive effect on these problems.

To do this we need to first look at a traditional 3 or 4 tiered prescription drug plans. 3 and 4 tiered drug plans commonly charge higher than necessary prices for common, highly utilized lower cost drugs and use the excess monies to help offset the cost of higher cost, primarily Brand name, drugs and very high priced specialty drugs. At the same time, employees are typically charged higher co-pays and/or higher percentage cost shares on the most expensive drugs and many formularies/benefits plans are now limiting or excluding coverage for many of the very high cost drugs. This creates a significant dilemma for employees and employers alike. The low cost drugs generally have a low co-pay/cost sharing by the employee (think of the \$4 co-pay drugs) while the highest cost drugs are not on the PBM's formulary and subsequently have high employee cost sharing or may not be covered at all, even when the less costly drugs have been proven to be ineffective for that employee. As a result, the costliest drugs, typically used to treat the most severe medical conditions, go unreimbursed, costing the employees hundreds, even thousands, of dollars out of pocket every month. Even when they are covered by the prescription drug plan or medical plan the cost sharing can still be well in excess of \$1,000 every month. The result of these high prices, according to recent studies, is as many as 60% of employees never get a prescription refill while upwards of 20% don't get the initial prescription filled.

Prescription Drug non-adherence is extremely costly for everyone! It is estimated that non-adherence results in over \$300 Billion (\$300,000,000,000.00) annually in unnecessary medical costs.

Non-adherence results in a 5.4 times greater risk of hospitalization, re-admittance and/or death for patients with hypertension alone. For patients with diabetes, the risk is 250% greater for non-adherent patients compared to medically compliant patients. It is estimated that a non-adherent patients cost over \$2,000.00, per patient, in physician costs alone!

Providing a quality prescription advocacy program can go a long way in improving prescription adherence, decreasing the cost of hospitalization, physician charges, and costs associated absenteeism and presenteeism. It also reduces the claims risk rating of the employer by carving out the highest cost prescription drugs from the employer's claims experience.

In fact, a recent American Pharmacists Association study determined that the mean medical cost per patient was reduced by \$6,502 as a result of prescription adherence. In addition to the medical cost savings, employees became more productive at work. The study showed the mean number of sick days declined 50% from 12 days to 6 days. This resulted in substantial productivity gains/profitability for their employers.

We now know that nearly every employer has employees and/or dependents that qualify for free and/or reduced cost prescription drugs and can benefit from expert prescription advocacy. The problem is, they and their employers are not aware of these programs and how incredibly easy they are to implement with a quality prescription drug advocacy firm. Like other providers, you need to do your due diligence as all Prescription advocacy firms are not created equal. Going forward, a good prescription drug advocacy program is essential for all employers to have a financially healthy workforce and medical plan, regardless of the size or benefit design of the employer.

*Mr. Stafford is the President and C.O.O. for Rx Help Centers, LLC., one of the nation's premier prescription drug advocacy firms. He is a 30+ year veteran of the employee benefits business. He has held thought leadership and distribution positions with a major national health plan provider, TPA's, and a top 5 U. S. benefits brokerage firm delivering products and services to improve healthcare outcome while controlling costs for employers and individuals alike.*

*For more information about prescription drug advocacy and how it can benefit you and your employees, please contact:*

*William L Stafford, CLU, ChFC, CHC  
President, COO  
Rx Help Centers, LLC  
bill@rxhelpcenters.com  
317-863-9296*