

MANDATORY GENERIC SUBSTITUTION



Designing effective drug plans together

Mandatory Generic Substitution (MGS) is a drug plan feature that encourages employees to take lower cost, generic drugs wherever possible. If you add this feature to your benefit plan, employees will be reimbursed for the cost of the generic drug, even if the doctor writes 'no substitution' on the prescription. This is different from a generic substitution plan, where 'no substitution' means employees will be reimbursed for the drug prescribed.

Key features and benefits

- **Choice:** business owners have different risk profiles and benefit goals. That's why mandatory generic substitution is optional¹, as are our other cost saving plan design features.
- **Cost saving:** currently, customers moving from a brand name drug plan to mandatory generic substitution can save 3%. And those moving from generic substitution to mandatory generic substitution, 1%.
- **Communication:** change goes more smoothly with effective employee communication. We make this easier with a communication kit that helps educate and engage.
- **Reports:** It's important to track the impact cost-saving measures are having. Our reports help customers do this.

So, what is a generic?

Generic drugs must comply with the same federal standards as brand name drugs. They must also:

- Contain the same active ingredients
- Work in the same way (there are rare instances where binding ingredients may cause issues)
- Work in the same amount of time
- Look different from their brand counterpart

Popular drugs off patent 2010-2012

Many widely used drugs for common conditions such as asthma, high blood pressure, and osteoporosis are becoming available in generic form. Generic alternatives can be as much as two-thirds² cheaper than the brand name drug.

2010	2011	2012
Lipitor	Diovan	Crestor
Norvasc	Spirivia	Plavix
Prevacaid	Cozaar	Atacand
Advair	Nicardis	Symbicort
Actonel	Singulair	Oxycontin

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How Mandatory Generic Substitution works

At the doctor's office

- Employee mentions that the benefit plan has mandatory generic substitution, and asks the doctor to note this in the medical file.
- If the doctor is prescribing a drug, employee requests a generic.
- If the doctor is thinking of prescribing a brand name drug where a generic is not available, employee can ask for a "therapeutically equivalent" brand name drug that has a generic. For example, when talking about cholesterol drugs, Lipitor has a generic equivalent but Crestor does not.

At the pharmacy

- If the doctor prescribes a brand name drug, the pharmacist will tell the employee that the plan does not cover it and will ask if he or she would like the generic.
- The employee is free to choose the brand name drug and pay the difference, or take the generic and pay no additional cost.

At home

In a very small number of cases, an employee may have an adverse reaction to a generic drug. If this happens, the employee should go back to the doctor and get a prescription for a different generic. If there is an adverse reaction to the second generic, the doctor can prescribe a brand name drug; however, in order for the cost of the brand name drug to be covered, the doctor must complete a "Request for Drug Substitution" form for the employee to send to us for review. While this is being sorted out, the employee will continue to be covered for the cost of the generic drug.

To learn more about how our Mandatory Generic Substitution can help you build a more sustainable drug plan, please call on a member of your Empire Life Group Account team.

¹ Not available to residents of Quebec

² IMS Brogan, Average Retail Price, brand vs. generic, Canada 2011

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