

# Prescription for savings: Breaking down the cost of prescription drugs



## Price factors and how to control them

Rising drug costs are making it harder for people to afford prescription drugs. When filling your prescription at the pharmacy, have you ever wondered what makes up the price of your drugs and if there are any ways to help reduce the cost?

Dispensing fees and mark-ups are two factors that affect the price of prescription drugs. To help control increasing costs, you can shop around for the lowest dispensing fees and mark-up. This lowers your out-of-pocket expenses if your health care plan does not fully cover prescription drug costs or dispensing fees and maintains the sustainability of your health care plan.

## What is a dispensing fee?

A dispensing fee charged to you by the pharmacy covers services such as verifying a prescription, reviewing of your medications profile to check for interactions, identifying and resolving problems with the prescription, billing to a third party, and patient counselling. It can vary from pharmacy to pharmacy. Pacific Blue Cross data shows dispensing fees can range from \$4.49 to \$15 or more. The average is approximately \$10.

## What is a mark-up?

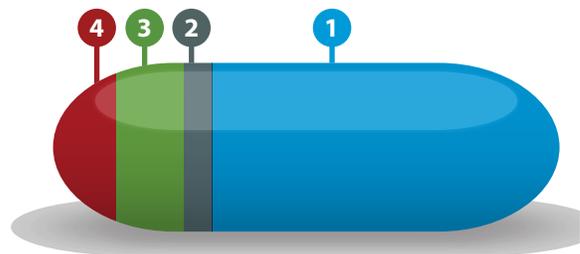
A mark-up is a percentage added to the manufacturer's list price of a drug. It includes a wholesale mark-up and retail mark-up which can vary quite significantly between pharmacies.

**Did you know some pharmacies can charge an average mark-up as low as 2%, and some as high an average of 92%?** We work to negotiate the lowest possible rates in

our Preferred Pharmacy Network (PPN). You can use our Pharmacy Compass Tool to find the best prices in your area.

## Understanding drug costs

- 1 INGREDIENT COST** — the cost of the drug from the manufacturer (Manufacturer's List Price or MLP).
- 2 WHOLESALER MARK-UP** — distribution allowance for drugs shipped to pharmacies via wholesaler.
- 3 PHARMACIST MARK-UP** — like most retail businesses, the pharmacy often applies a mark-up when they sell the medication.
- 4 DISPENSING FEE** — in addition to the cost of the drug, the pharmacy charges the customer a dispensing fee when they fill the prescription.





### Start saving today

Not all extended health care plans cover 100% of prescription drug costs or even dispensing fees.

Here are some valuable tips on how to save money next time you're at the pharmacy:

- **Save on dispensing fees** — For chronic medications, request a three months' supply of prescriptions at once and pay fewer dispensing fees over time.
- **Use generics** — You can ask your pharmacist if they can offer a lower cost generic version of the prescribed drug. Generic drugs are less expensive than their respective innovator brand drugs, and are equally as safe and effective. For example, someone who takes escitalopram (generic version of the brand Cipralex®) and shops at a pharmacy with lower mark-up and dispensing fees (and

purchases 3 months at a time), can save \$35 and their plan can save \$140 on the annual cost of the prescription.

- **Consider lower cost therapeutic alternatives** — Ask your pharmacist if he or she can suggest an alternative and more cost-effective treatment. The pharmacist can collaborate directly with your doctor to provide you with a lower cost treatment while ensuring the quality of your treatment.
- **Compare prices** — Visit [pharmacycompass.ca](http://pharmacycompass.ca) and compare prices at pharmacies in your area.
- **Shop within our Preferred Pharmacy Network** — Pacific Blue Cross has partnered with leading pharmacy retailers to offer guaranteed low prices and dispensing fees to our Plan Members in British Columbia. Find a Preferred Pharmacy location near you at [pac.bluecross.ca/PPN](http://pac.bluecross.ca/PPN). See the potential cost savings in the example below:



## Brenda uses a Symbicort® inhaler for her asthma

She uses approximately one inhaler per month and has been using this treatment for several years. Brenda will likely have to continue to use this treatment for her asthma on an ongoing basis. See below for the potential cost savings on a one, three and five year basis.

**One year of prescription:** Brenda saves \$70.79 by shopping at a PPN Pharmacy and the plan saves \$283.17.

**Three years of prescription:** Brenda saves \$212.38 by shopping at a PPN Pharmacy and the plan saves \$849.50.

**Five years of prescription:** Brenda saves \$353.96 by shopping at a PPN Pharmacy and the plan saves \$1,415.84.

	PPN PHARMACY	NON-PPN PHARMACY
Ingredient cost plus mark-up for one month	\$96.37	\$125.00
Dispensing fee	\$10.00	\$12.60
Number of months supplied per prescription	3	3
Total annual dispensing fee	4 x \$10.00 = \$40.00	4 x \$12.60 = \$50.40
Total annual drug cost	\$96.37 x 12 months = \$1,156.44	\$125 x 12 months = \$1,500.00
Total annual cost of the prescription	\$1,196.44	\$1,550.40
Total cost for five-year period	<b>\$5,982.20</b>	<b>\$7,752.00</b>
Brenda pays (20% portion)	<b>\$1,196.44</b>	<b>\$1,550.40</b>
The plan pays (80% portion)	<b>\$4,785.76</b>	<b>\$6,201.60</b>