

Generic Incentive Program

A Quick Guide for Plan Sponsors

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The Generic Incentive Program is designed to assist plans in increasing their generic utilization rates by combining the Generic Utilization Program and Therapeutic Interchange Program. In many cases, and with the prescribing physician's approval, the Therapeutic Interchange Program substitutes one single source brand-name product for another single source brand-name product or a generic equivalent, when available. The Generic Incentive Program adds an additional dimension to these programs to increase the motivation for a member to switch to a therapeutically equivalent generic by offering an "incentive" to switch.

Over the next five years the availability of generic drugs will be increasing. Many drugs that are on a plan's top twenty-five drug utilization list by either number of prescriptions or total dollars in drug spend will be coming off patent. A program such as the Generic Incentive Program can be a great tool to enhance a plan's current Intervention Program especially on medications that members take on a routine or maintenance basis. On average (after co-pay forgiveness), \$78.83 per claim savings can be realized for every single source brand-name prescription that can be switched to a generic.

How does the program work?

With the Generic Incentive Program, plan sponsors waive the co-payment for the generic product for a specific number of months if the member switches to a therapeutically equivalent generic product. The average generic co-payment for a plan is approximately \$7 per month per prescription. The incentive of offering members \$0 co-payment for a specified number of months when moving from a targeted brand-name drug to a generic can be an excellent way to motivate the member to switch. Additionally, the return on investment for a plan to waive the co-payment for a specified number of months is very positive and rewarding to both the plan and the member. Members then receive the continued benefit of paying the plan's regular generic co-payment (versus the brand they were previously paying) for refills after the incentive time frame has expired. (See example)

Six Month Plan Savings Per Rx Example

for a plan that offers the Generic Incentive Program for three months of co-pay waiver

Plan Savings Per Month for First Three Months	Plan Savings Per Month for Next Three Months
Avg. cost of brand Rx \$98.15	Avg. cost of brand Rx \$98.15
Avg. cost of generic Rx 19.32	Avg. cost of generic Rx 19.32
Savings per month \$78.83	Savings per month \$78.83
- Less additional plan cost due to generic co-pay waiver 7.00	
Net plan savings per month \$71.83	
Savings over first three months \$215.49	Savings over next three months \$236.49

Savings possibility over 6 months = \$451.98

What drug products does NPS recommend for targets?

Two or more drugs are considered therapeutically equivalent if they can be expected to produce identical levels of clinical effectiveness and sound medical outcomes in patients. Plans may customize this list by adding to it or taking products away. Some plans have chosen to utilize this program to also encourage members who are taking multi-source brand-name medications that have a direct generic available to switch to the generic. NPS recommends the following drug categories for inclusion in the Generic Incentive Program.

Potential Targets for the Generic Incentive Program

BRAND MEDICATIONS	GENERIC ALTERNATIVES*
ANTIDEPRESSANTS (for depression, anxiety or other conditions) Celexa®, Lexapro®, Paxil CR®, Paxil®, Prozac Weekly®, Prozac®, Zoloft® Wellbutrin XL®, Effixor, Cymbalta	citalopram, fluoxetine, paroxetine, sertraline** bupropion SR
ANTIINFLAMMATORIES (to treat pain and inflammation) Celebrex®, Mobic®, Arthrotec®	etodolac, ibuprofen, naproxen or nabumetone
ANTIVIRALS (to treat or suppress herpes simplex virus) Famvir®, Valtrex®	acyclovir, famaclovir
ENDOCRINE/THYROID (to treat thyroid conditions) Levoxyl®, Synthroid®, Levothroid®, Unithroid®	levothyroxine
HYPERLIPIDEMICS (cholesterol lowering agents) Mevacor®, Zocor®, Pravachol®, Lescol®, Lescol XL® Lipitor®, Vytorin®, Crestor®	lovastatin, simvastatin**, pravastatin
PROTON PUMP INHIBITORS (gastrointestinal disorders) Aciphex®, Prilosec®, Nexium®, Protonix®, Prevacid®, Zegerid®	Prilosec OTC™, omeprazole OTC, omeprazole
NON-SEDATING ANTIHISTAMINES (allergies) Clarinetx®, Clarinetx D®, Zyrtec®, Zyrtec D®, Allegra®, Allegra D®	loratadine, cetirizine
ACE INHIBITORS (for heart or high blood pressure conditions) Aceon®, Altace®, Mavik®	lisinopril, benazepril, enalapril, moexipril
NASAL PRODUCTS (allergies) Rhinocort®, Nasonex®, Nasacort AQ®, Beconase AQ®	fluticasone, flunisolide

*Generic alternatives may not be the exact equivalent of a listed medication, however can be used for similar health conditions.

**When generic is available in the marketplace.

NPS also recommends tablet splitting opportunities be utilized when available and appropriate to maximize plan savings on generic and brand-name products.

What support and communication strategies are available?

NPS will assist plans who wish to implement the Generic Incentive Program with targeted member communication letters. NPS will identify the candidates and provide a letter to the member that includes the following:

- program description, including announcement of the \$0 co-pay if the member moves to a generic within a specified time frame
- identifies to the member the name of the therapeutically equivalent generic that exists
- recommendation to the member to talk to their healthcare provider about generics and about whether this change is appropriate given their medical history and/or medical conditions



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