



Dear Clients and Friends,

It's not often that employers can reduce the costs in their employee benefit programs while simultaneously reducing the employee's costs. But, encouraging the use of generic drugs is a win-win situation.

Most drug plans provide lower copayments when a generic drug is used. If your plan doesn't do so, it should. Encouraging generic drugs will be especially fruitful as so many

popular brand-name drugs lose their patents this year.

Pharmacy benefit managers and insurers can help employers pinpoint areas where the potential for savings are greatest. We can help you revise your benefit structure to capture the greatest savings.

*Sincerely yours,
Jim Lill, President*

Savings in Generics

Prescription drug costs have been fueling a good portion of the recent increases in health plans. In response, many employers have revamped their plans to include higher copayments or more restrictive lists of approved drugs.

One of the best savings approaches has been – and will continue to be – to encourage patients and their doctors to recommend and use generic drugs. On average, generic drugs cost 60% less than their brand-name counterparts!

Employers need to revise their drug programs to further encourage generic drug use. This is because more than \$50 billion worth of brand-name drugs will be losing patent protection in the next five (5) years. In 2006, 15 brand-name drugs are expected to lose their protected patent status.

Some employers may wonder if getting employees to use generics is worth the effort. According to an Express Scripts Generic Drug

Usage Report, increasing anti-cholesterol generic drug usage from 7% to a target of 70% generic would be savings of \$5.1 billion nationwide.

This study looked at six (6) common categories of drugs and found potential savings of \$20 billion!

Ideas abound for increasing generic drug use. While some plans are giving away generic drugs, others are using a step therapy approach. The plans require that generic drugs be used as a first step in drug therapy. Only if the generic drug does not work can the patient receive benefits for a brand-name drug.

Employers should encourage employees and their dependents to always ask, "Is there a generic drug that I could take?" After all, the employees and the employers save when generics are used.

Ask us about free COBRA and FSA administration!

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The Advisor Advantage