

Benefit Changes & New HSA Insurance Plan Going Into Effect on January 1, 2010

New Three-Tiered Drug Program: \$0 co-pay for Generics & No Deductible

VEHI's three-tier co-pay system (\$6 for generics/\$12 for preferred drugs/\$24 for non-preferred drugs) and its \$100 deductible per person, per calendar year, were instituted on January 1, 2001. VEHI helped pioneer the three-tier co-pay system in Vermont, which today is the norm in the insurance industry.

Drug prices are a major cause of unsustainable health care and premium cost increases. One way to substantially reduce out-of-pocket drug costs—and, by extension, the profits and influence of drug companies—is to use **generic drugs** whenever possible, because they are much cheaper than non-generics and just as effective medically.

To encourage our subscribers to use generic drugs more frequently and to lessen the overall costs of drug prescriptions, VEHI will institute two changes beginning January 1, 2010:

- (1) Eliminate the \$100 deductible per covered life;
- (2) Implement a new co-pay system. **Generics** will cost \$0—that's right, there will be NO charge (no co-pay) for generic drugs. The co-pay for drugs in the **preferred category** will increase by just a few dollars, from \$12 to \$15; and **non-preferred drugs** (the most expensive category of drugs and the most aggressively marketed and advertised) will rise in cost from \$24 to \$40.

To summarize, starting January 1, 2010, the co-pay for VEHI's three-tier drug program will be **\$0/\$15/\$40**, and the drug deductible for subscribers and their dependents **will be eliminated**.

We recognize that the cost increase for **non-preferred drugs**, the most expensive prescriptions, may concern some subscribers. However, there are three things to keep in mind. First, the \$40 figure on the horizon is less than the average statewide or national price for this class of drugs. Non-preferred drugs, generally, run between \$50 and \$70 per prescription. Also, this class of drugs has been under-priced by VEHI for several years and we are forced now to respond to inflationary trends.

Second, Blue Cross Blue Shield of Vermont has assured us that every drug in the non-preferred (\$40) category has a medically efficacious substitute in either the preferred (\$15) or generic (\$0) category. Please speak to your provider about these alternate medications. By changing to them, if feasible, you can protect your health and save a significant amount of money over time. (Remember, too, you can save even more money by ordering your prescriptions via VEHI's mail-order program. You can get a **90-day supply** for just **two monthly co-pays** rather than three. Find out how by going to www.ipsrx.com or calling toll free 800-233-3872.)

Third, the elimination of the deductible and the \$0 charge for generics, plus the substantial differential between the cost of preferred and non-preferred drugs, means many subscribers will be able to get their prescription drugs at a cost they can afford and reduce their total drug expenses annually.