

Reference Pricing

For many drug classes, a review of the medical literature reveals no evidence of clinical superiority between the many drug products available in that class. In other words, each of the products is thought to be as effective as any of the other products in that given category, and no single product stands out as being therapeutically superior. When this unique set of circumstances exists, reference pricing is put into place. In reference pricing, a gold standard product is selected for the drug class. The gold standard product is as effective as all of the other drugs in the category, but it costs significantly less.

The cost per unit of the gold standard drug product would serve as the reference price for all of the other products in the class. This reference price is the maximum the plan will pay per unit (or pill) with the member responsible for the remaining cost.

Reference pricing ensures our members will have access to effective medications while protecting the plan from the increasing price of prescription drug products. These products are listed on the Preferred Drug List (PDL) with (*RP) to indicate they fall under the reference pricing set up.

For the **Premium** plan (the pharmacy copay plan) the amount a member pays for drugs labeled as “reference priced” will not be allocated to the member’s out-of-pocket maximum. For example, if the plan pays \$0.30 per pill for a referenced price drug and the drug cost is \$4.00 per pill, or \$120 per month, the plan will pay \$9 for the month supply and the member will be required to pay the remaining \$111. The \$111 is considered a non-covered benefit and therefore will not be applied to the member’s OOP maximum (ie; deductible or coinsurance limits).

For the **Classic and Basic** plans (the pharmacy deductible and coinsurance plans), medications listed as reference priced are considered a non-covered benefit and the member will pay the entire cost of the medication. This amount will not count towards the member’s OOP maximum (ie; deductible or coinsurance limits). Members will still have the option of the covered Tier 1 generic alternative(s) or to appeal to EBRx for coverage of the reference priced medication.