

Spotlight on Prescription Drugs: Zocor's Generic Equivalent – Available June 23, 2006

As of June 23, 2006, Zocor's patent expired and a generic equivalent, Simvastatin, is available for purchase. This generic equivalent may be substituted for a Zocor prescription that does not include the provider instructions "Dispense as Written."

Statins (cholesterol lowering medications) represent a category of prescriptions that are continuously in the Top 10 most-utilized medications for any pharmacy benefit management program. Zocor is one of the most frequently prescribed of the statins.

How are some of the insurance carriers responding to this important change?

The following are a few examples of how some large carriers are responding:

Aetna has stated members may now substitute the generic for their Zocor prescription. The copay level for Simvastatin will be Tier 1 (Generic). Zocor will then be covered at a higher copayment for members in applicable open formulary benefit plans and will be added to the Formulary Exclusions List for closed formulary benefit plans.

ConnectiCare has stated that members currently taking Zocor will be switched to Simvastatin (Generic) automatically, unless a physician instructs "Dispense as Written." Zocor will change from Tier 2 (Brand/Formulary) to the more expensive, Tier 3 (Brand/Non-Formulary).

United HealthCare/Oxford Health Plans will be taking two separate approaches.

- For those members with the Traditional Prescription Drug List (PDL), Zocor will move from Tier 2 (Brand/Formulary) to Tier 3 (Brand/Non-Formulary) on July 1, 2006. Simvastatin will be placed on Tier 1 (Generic) on June 23, 2006. Oxford Health Plans enrollees are on the Traditional PDL.
- United HealthCare's Standard PDL will move Zocor from Tier 2 (Brand/Formulary) to Tier 1 (Generic) and place Simvastatin on Tier 3 (Brand/Non-Formulary). This does not mean members will pay more for Zocor (Brand). United HealthCare negotiated significant discounts with the manufacturer and will bring cost savings to their members.

Given the significant volume of Zocor prescriptions on any pharmacy program, some carriers and/or administrators are corresponding directly with utilizing members and their physicians regarding this change.

Please speak with your C.M. Smith Client Service Manager if you have any questions on the action steps being taken by your specific plan's pharmacy benefit manager.

What does this mean to members?

A pharmacy program that does not require generic utilization may still substitute Simvastatin for Zocor and experience immediate savings.

A pharmacy program that has a “Mandatory Generic” provision, members may be required to fill with the generic equivalent and also experience immediate savings.

All members currently on any statin medication should be advised to speak with their physician about their specific condition and determine whether they have alternatives that might include the availability of Simvastatin or any future generic equivalent.

What is the impact to plan sponsored prescription drug plans?

The Food & Drug Administration (FDA) offers the first manufacturer approved for generic sale the exclusive right of sale for the first 6 months after the patent is expired. No competing generic can be sold during this time period. This allows the generic manufacturer some time to recoup their research and development costs.

As such, the generic is not effectively priced during this time period; therefore, self-insured plan sponsors may not see immediate claim savings. Over the long term, however, as other generics are made available and are priced more competitively, some savings should materialize.

Please stay-tuned for further updates on the Prescription Drug Industry.

The prescription drug industry is ever-changing and we will do our best to keep you apprised of any changes affecting you and your health plan members.

C.M. Smith Agency, Inc. is not a law firm and therefore we are not able to give legal advice. You should consult with legal counsel if you have specific questions on this subject matter.