



Dealing with rising drug costs



The rising cost of prescription medication has been a point of concern for many of you, with good reason. According to the Express Scripts 1999 Drug Trend Report, since 1992 the average cost of a prescription has risen from \$28.50 to \$42.30, with an increase of 17 percent in 1999 alone.

Not only has the average cost risen, but the number of prescriptions that most of you take has increased as well.

Seniors are the highest user group for prescription medications, averaging 28 prescriptions a year. This number is expected to increase by 25 percent in the next 10 years. There is no single factor that drives this issue. While we don't have all the answers, we hope the following article helps you understand this important and ever-changing topic.

Prescription costs affect premiums

Health insurance premiums are also on the rise, with a significant amount of the increase directly attributable to prescription spending. As much as 44 percent of the 1999 increase in premiums was due to drug spending.

At the same time, insurance companies are reducing prescription drug coverage. Some plans are dropping prescription coverage altogether, while others simply do not offer significant relief from the high cost of prescription drugs. In addition to a costly monthly premium, many plans have high deductibles and low benefit caps. This means that the member becomes responsible for a higher portion of the cost for each prescription and is at high risk of meeting their benefit maximum early in the year, essentially "using up" all their coverage.

How does insurance work?

Why are insurance companies reducing their prescription drug coverage just when it seems the need is greatest? Don't forget that insurance companies are businesses. Medical insurance is structured so that the cost of services is distributed among all individuals in a plan, some of whom will use more benefits and some of whom will use less in any given time period. As prescription drug cost and usage increases across the board, an insurance company's expenditure increases as well. These costs are then passed along to each individual in the form of higher co-pays and premiums in order to fully fund the cost of a plan.

Finding prescription coverage

Many of you have looked to IMRF to provide some relief from these high out-of-pocket costs. We have not been able to endorse a co-pay prescription plan (a plan with a flat fee for each prescription) simply because we have been unable to locate an affordable one.

The demographics of our retirees further compound the existing problem. Our potential prescription plan members are the highest users of prescriptions. In view of this, insurance companies are reluctant to offer any co-pay prescription plan, much less an affordable one.

Since 1992, the average cost of a prescription has risen from \$28.50 to \$42.30, with an increase of 17 percent in 1999 alone.

Costs would soar for any plan

Additionally, since the cost per member would likely be several hundred dollars a month, it is doubtful that members would join the plan unless their costs were already higher than the premium. Unfortunately, this would mean that costs for the plan would continue to skyrocket as the majority of members used benefits higher than their premium.

It is unlikely that IMRF will be able to endorse a co-pay prescription plan anytime soon, but with a little investigation and effort there are ways you can reduce your out-of-pocket costs. *(over)*

**Questions? Call IMRF Member Services
1-800-ASK-IMRF (1-800-275-4673)**

How you can lower your prescription costs

Consider joining NPA. This IMRF-endorsed prescription discount plan provides lower prescription costs at most pharmacies and further discounts for using their mail-order service. For more information, contact Doyle Rowe LTD online at www.doyle Rowe.com or call their enrollment hotline at 1-800-564-7227.

Talk to your doctor about generic medications. By law, generic medications must have the same active ingredients as name brands. Most pharmacies substitute a generic, if available, unless your doctor specifies otherwise.

Know your alternatives. If no generic is available for your specific medication, ask your doctor for a less expensive alternative that might work for you. Often there are several medications that will provide similar results. Be cautious, though, and always follow your doctor's advice.

Ask your doctor about patient assistance programs. Some drug manufacturers will provide drugs at a reduced rate to those who meet financial need criteria.

Be aware of your formulary. If you have prescription coverage, be aware of your insurance company's list of approved drugs (your formulary). Many insurance plans, including NPA, will offer lower co-pays or higher discounts as incentive for using drugs on their approved list. You can get a copy of your formulary by contacting your insurance company directly.

Check out state prescription assistance programs. The state of Illinois expanded the income requirements for the Circuit Breaker/Pharmaceutical Assistance Program as of January 1, 2001. This program provides prescription coverage for certain chronic conditions to those who meet financial need criteria. To find out more information and to see the qualification guidelines, check out the Illinois Department of Aging website at www.state.il.us/aging/ or call their Senior Help Line at 1-800-252-8966. You can also call the Illinois Department of Revenue at 1-800-624-2459.



"13th check" to be mailed in July

The supplemental benefit payment, also known as the "13th check," is mailed to eligible retired members (or to their surviving spouses) each July after the regular July pension checks are mailed.

Are you eligible?

To be eligible for the 2001 "13th check," you (or your deceased spouse if you are receiving an IMRF surviving spouse pension) must have retired on or before July 1, 2000.

"13th check" amount

IMRF estimates that the July 2001 supplemental payment

will equal 67 percent of your regular monthly pension. The exact amount of your additional pension payment will not be known until the payments are calculated. The amount of the 13th check payment changes each year as the number of IMRF retired members increases.

Questions?

If you have questions regarding the "13th check," please call an IMRF Member Service Representative at 1 - 8 0 0 - A S K - I M R F (1-800-275-4673).

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It is not good for all our wishes to be filled; through sickness we recognize the value of health; through evil, the value of good; through hunger, the value of food; through exertion the value of rest.

—Greek Proverb