



Understanding Prescription Drug Costs

The total cost of a prescription drug claim includes three main components:

1. Ingredient cost - actual cost the pharmacy pays the drug company or wholesaler to buy the drug.
2. Pharmacy markup – percentage charged to cover the expenses involved in running a pharmacy and a profit margin.
3. Dispensing fee - professional fee charged by the pharmacy to have licensed pharmacists dispense drugs, provide patient counselling, review medication records for safety and appropriateness and collaborate with physicians and other health care providers.

Pharmacies are free to set the markup and dispensing fee they charge, provided they do not exceed any legislated maximums. As a result, the cost of the same prescription drug can vary widely between pharmacies and even among pharmacies in the same chain. For example:

Pharmacy A:



Pharmacy B:



Controlling prescription drug costs

When you submit your prescription drug claim, we verify that the components fall within legislated and reasonable and customary dollar maximums established for the jurisdiction. This helps protect your plan from unusually high costs. Any component that exceeds the maximum will be capped at the reasonable and customary amount, as a part of the adjudication process.

How can you help?

One of the components that varies widely from pharmacy to pharmacy is the dispensing fee. Unlike other purchases you may make, prescription drug prices are not readily available, so it is hard to compare prices from pharmacy to pharmacy or research them on line. Except for a few provinces,

pharmacies are not required to outline their dispensing fee on the prescription receipt, which can make it difficult for patients to know what they're paying.

A reasonable and customary dispensing fee* is the maximum dispensing fee The Co-operators will reimburse in each province or territory. Let's have a closer look at how dispensing fee reasonable and customary maximums affect you.

IF	THEN
The pharmacy's dispensing fee is less than or equal to the reasonable and customary dispensing fee in your province or territory.	The full amount of the dispensing fee will be included in the adjudication of your claim and your out of pocket amount will not be increased.
The pharmacy's dispensing fee is more than the reasonable and customary dispensing fee in your province or territory.	Your claim will be adjudicated based on the reasonable and customary dispensing fee and your out of pocket amount will be increased to include the difference.

*Reasonable and customary dispensing fees do not apply if you live in Québec.

There are things you can do to help control costs associated with prescription drug claims and the amount you pay out of pocket.

Ask questions: Do your research and ask your pharmacy about its dispensing fee. Ask what services are included in the fee.

Shop around: Speak with pharmacies in your area to compare the cost of filling your prescriptions(s). Find the one that offers the best value in order to reduce or eliminate your out of pocket expenses.

Think long term: Purchase a 100-day supply of medications you take on a regular and long-term basis, for example, medications used to treat high blood pressure or lower cholesterol levels. You'll eliminate the dispensing fees associated with filling these prescriptions monthly and will make fewer trips to the pharmacy. Note: For most drugs, pharmacists in some jurisdictions can choose to charge a separate dispensing fee for each monthly supply filled but are not required to.

Did you know?

Dispensing fees can vary widely between pharmacies and even between pharmacies in the same chain.

This article is for information purposes only. Please consult your benefits booklet to see if you are covered for prescription drugs. If you have questions about your coverage, please contact your plan administrator.