

7/16/2004, Fact Sheet prepared by DER

City of Milwaukee CB Traditional and CB AFN HMO Prescription Drug Benefit
Change for Management Employees effective 1/1/2005

CURRENT REAL AVERAGE COST: Generic drug: \$15
Brand name drug: \$92:

CURRENT EMPLOYEE CO-PAY: Generic drug: \$4
Brand name drug: \$8

CURRENT PERCENT EMPLOYEES USING GENERIC DRUGS: 49%
USING BRAND NAME: 51%

CURRENT ANNUAL COST OF SCRIPTS FOR HMO's: \$11,000,000. of \$60M
HMO budget in 2004, over 15% total cost.

BY INCREASING GENERICS TO 55% CITY CAN SAVE \$1,200,000 PER YEAR.

BEHAVIOR CHANGE TO GENERICS IS NOT GOING TO HAPPEN WITH \$4/\$8 CO-PAY.

THE CITY CAN ONLY CHANGE CO-PAY TO CO-INSURANCE FOR REPRESENTED EMPLOYEES THROUGH THE BARGAINING PROCESS.

THE CITY CAN CHANGE MANAGEMENT EMPLOYEES CO-PAY TO CO-INSURANCE BY COMMON COUNCIL ACTION ON A 20% CO-PAY, THE SAME AS BASIC PLAN CO-INSURANCE.

SOME MANAGEMENT EMPLOYEES WILL USE \$5 GENERICS COST CITY \$15, RATHER THAN \$8 BRAND NAME THAT COST THE CITY \$92; some using generics costing less than \$20 will pay less than \$4 for the generic.

IF TOTAL OF 6% OF SCRIPTS ARE SWITCHED FOR ALL CITY ACTIVE EMPLOYEES, THE CITY CAN SAVE \$1.2M.

WHAT DO MANAGEMENT EMPLOYEES GET?

- Lower drug costs if they switch from Brand to generic
- Lower deduction for CB T based on lower cost
- In 2005 Management employees have a choice of five health plans, include an opportunity to use Patient Choice Tier One and Patient Choice Tier Two options that are not available to represented employees.