

Reply to Common Council File No. 040427
From DOA-Budget and Management Division

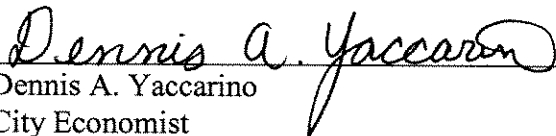
July 19, 2004

Ref: 04013

Common Council file 040427 contains a resolution relating to certain prescription drug benefits offered to management employees. Current HMO employee charges for prescription drugs are \$4 for generic and \$8 for name brand. This level of charges provides little incentive for employees to use the generic form of a drug. Average cost of generic drugs is \$15 while the average cost for name brand drugs is \$92. In comparison, the basic plan charges the employee for 20% of the drug cost thus providing an incentive to use generic drugs.

To provide an incentive for employee's using a HMO, DER is recommending a change to the employee contribution for prescription drugs. The new proposal will charge management employees enrolled in HMOs a fee that is equal to 20% of the cost of the drug. This will match the current payment structure used in the basic plan.

**RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 040427
RELATING TO CERTAIN PRESCRIPTION DRUG BENEFITS OFFERED TO
MANAGEMENT EMPLOYEES.**


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