



Understanding Prescription Drugs

Unlike most of your daily purchases, prescription drug prices are not advertised. You can't research them online nor compare prices from pharmacy to pharmacy. Understanding a little about what components make up drug prices might help you with your next purchase.

Prescription Drug costs have three main components: the actual drug cost, the pharmacy markup and the dispensing fee.



Drug Cost:the drug ingredient cost the pharmacy pays to buy the drug.

Pharmacy Markup:the additional amount the pharmacy may charge for the drug above the ingredient drug cost.

Dispensing Fee:the professional fee a pharmacist charges to fill your prescription, covering services like maintaining medication records, explaining the treatment to you and dispensing your prescription.

Markups and dispensing fees can vary by pharmacy, store, company or region, impacting the total cost of your prescription drug purchase. Though there are no limits to what a pharmacy can charge for medications, most provincial plans limit the markups and dispensing fees they will reimburse to a pharmacy. Similarly, most insurers will establish maximum markups for prescription drug coverage. If a pharmacy is charging a markup that exceeds this maximum, the eligible amount for coverage will be limited to the allowable amount. The same is true for dispensing fees. As the illustration shows, though the drug cost is identical, differences in markups and dispensing fees can become significant.

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