



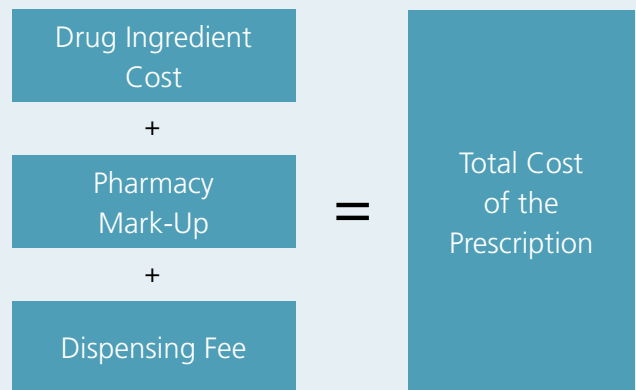
Understanding limits on pharmacy mark-ups and dispensing fees

Your drug benefits card makes it easy and convenient when filling a prescription. Your drug claim gets processed right at the counter and instantly you are told the amount covered by your plan. What may be a little confusing is how the pharmacy determines the price of your prescription and why Manulife has limits on pharmacy mark-ups and dispensing fees.

The cost of picking up your prescription

Although costs vary depending on where you shop, three factors determine the price of prescription drugs:

1. The **Drug Ingredient Cost** is the amount a pharmacist pays to buy the drug.
2. A **Pharmacy Mark-Up** refers to any additional amount a pharmacist may charge for a drug, above the original drug cost. The mark-up is applied to help pay for the costs of running the pharmacy.
3. A **Dispensing Fee** is the professional fee a pharmacist charges to fill your prescription.



Why does Manulife have limits on pharmacy mark-ups and dispensing fees?

There is no limit to what a pharmacy can charge for a medication. Pharmacists can charge any mark-up or dispensing fee that is considered standard for their store or company. Provincial drug plans that pay drug costs for eligible participants (i.e., provincial residents over 65, social assistance recipients, etc.) limit the mark-ups and dispensing fees they reimburse a pharmacist for claims processed.

Manulife imposes limits on dispensing fees and mark-ups to manage drug costs and protect employers and plan members from unusually high prices. Manulife has implemented limits that are representative of the market and are considered reasonable in the province where the medication is dispensed.

Manulife and our Pharmacy Benefit Manager, Express Scripts Canada® (ESC) work in partnership to establish and manage both the dispensing fee and mark-up limits.

How does Manulife determine maximums on pharmacy mark-up?

The maximum mark-ups allowed have been established by comparing the range of mark-ups submitted by pharmacy providers within the same province. In provinces where the mark-up is legislated, the maximum mark-up allowed by the province is used as a factor in setting the mark-up in that province.

If the mark-up charged by the pharmacy is greater than the mark-up set by Manulife for a specific claim, that claim will be limited to the allowable amount – the calculation is based on the province in which your prescription is dispensed (or filled).

A dollar cap on the mark-up is applied in select provinces.

If the pharmacy is charging a mark-up on a drug claim that is greater than the dollar amount set by Manulife, the mark-up allowed will be reduced to the maximum dollar amount set by Manulife. The dollar cap applied is based on the province the drug is dispensed.

Typically prescriptions for high cost drugs are where you can be affected if the pharmacy where you are filling your prescription is charging an unreasonably high mark-up. For example if the pharmacy is dispensing a drug that costs \$5,000 and they apply a 10% mark-up on top of the drug ingredient cost (the amount they paid to buy the drug), the pharmacy may claim up to \$500 (10% of the \$5,000). This amount would be considered by Manulife to be unreasonable and the mark-up will be limited to the maximum dollar amount allowed by Manulife in the province the drug is dispensed.

How does Manulife determine dispensing fee maximums?

The dispensing fee maximum is established through the monitoring of dispensing fees paid by each provincial drug plan and through a periodic review of dispensing fees submitted by pharmacy providers in each province. The allowable dispensing fees vary by province; therefore your specific claim is calculated and adjusted similar to the process for pharmacy mark-ups.

In addition to the limits that Manulife imposes, what are some cost-saving ideas for filling prescriptions?

- **Shop around.** Because the cost of prescription drugs vary depending on where you shop, call your local pharmacies and ask how much it will cost to fill your prescription(s). You may want to ask what their dispensing fee is; as well you may want to check to see what the drug cost charge is. You may discover you can get a better price somewhere else.
- **Request a 3-month supply.** For prescriptions that you fill regularly and take on a long-term basis such as cholesterol-lowering or blood pressure medication, oral contraceptives, insulin, etc., get a three months supply instead of just one month to reduce the number of dispensing fees you are charged.

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