

## What Your Health Insurance Company Doesn't Want You to Know about Prescription Drug Prices



Most people pay for health insurance because, among many reasons, insurance companies are supposed to reduce costs of medications. In reality, sometimes they do, and sometimes they don't.

If you haven't checked the cost of buying your prescription drugs with cash rather than paying the insurance

co-pay price your insurance plan charges, what you discover could be good medicine for your pocketbook. Consumers are finding that in many instances circumventing the insurance company completely and paying cash for their meds at a local pharmacy is cheaper than submitting the prescription through traditional channels with their insurance carrier.

Why? At the pharmacy counter, patients pay their co-pay as set by their insurance plan. Days or weeks later, the large pharmacy benefit managers (PBMs) handling benefit claims for millions of Americans take back a portion of that payment from the pharmacy after it determines what it will actually pay for the drug—a practice sometimes called a “clawback.”

In many cases, pharmacists are contractually banned from telling customers about cheaper alternatives to the over charges that may be occurring through the insurance company's cost formula. If a co-pay is required, the pharmacist must charge the patient whatever amount the insurance company mandates. It is not until months later that the real cost of the drug is reconciled between the insurance company and pharmacy. Any overcharge collected by the pharmacy is retained by the PBM, and does not go back to the consumer who paid it. Essentially, the customer is paying more to acquire the drug—even with insurance.

Online sites like *Good RX*, which tracks prescription drug prices nationally and offers drug coupons for many medications, are becoming a popular alternative to traditional insurance co-pay channels. The process is simple. A patient receives a

prescription from his or her doctor, goes online, and compares prescription prices at a variety of pharmacy locations in the area. Often there is a coupon available, adding to additional savings. After verifying the on-line cash price is lower at an area pharmacy than the out-of-pocket co-pay, the patient prints the coupon and price quote and takes it along with the written prescription to the local pharmacy who offered the lowest price listed on the website such as *Good RX*. This process cuts out the middleman and allows the consumer to see prescription price variations at pharmacies in a given region, saving the consumer a substantial amount of money.

Jim Collier, author of ***Retirement is Recess for Grown-Ups*** and the blog ***The Retired Retirement Planner***, is the founder of Retir**ED** LLC, a nonaffiliated retire ready resource company located in Larkspur, Colorado.

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