

Prescription Drug Terminology

GLOSSARY

Copayment/Coinsurance — The amount charged to the eligible member by a retail pharmacy, the mail order pharmacy, or the specialty pharmacy for each prescription drug order or authorized refill.

Drug Enforcement Agency (DEA) Number — A number assigned by Drug Enforcement Agency to each physician in the United States who prescribes medications.

Dose Optimization — A drug utilization management process encouraging safe and appropriate use of once-per-day medications. Prescriptions are reviewed for multiple daily drug doses of a lower strength medication where a higher strength, once daily dose is equally effective. Dose optimization limits are applied to the number of pills per day for certain medications, where the use of multiple pills to achieve a daily dose is not supported by medical necessity.

Drug Utilization Review (DUR) — Drug utilization reviews are performed by PBM to determine a prescription's suitability in light of the patient's health, drug history, drug-to-drug interactions, and drug contraindications

Federal Legend Drug — A drug that, by law, can be obtained only by prescription and bears the label, "Caution: Federal law prohibits dispensing without a prescription.

Mail Order Prescription — A prescription which is dispensed by the designated mail order pharmacy.

Medical Necessity and Appropriateness — Medical necessity and appropriateness criteria and guidelines are established and approved by the Pharmacy and Therapeutics Committee, which consists of practicing physicians and pharmacists. Eligible prescription drugs must meet federal Food and Drug Administration (FDA) approved indications and be safe and effective for their intended use. Drugs administered by a medical professional are not eligible under this plan. A prescription drug is medically necessary and appropriate if, as recommended by the treating practitioner and as determined by Express Scripts medical director or designee(s) it is all of the following:

- A health intervention for the purpose of treating a medical condition;
- The most appropriate intervention, considering potential benefits and harms to the

patient;

- Known to be effective in improving health outcomes (For new interventions, effectiveness is determined by scientific evidence. For existing interventions, effectiveness is determined first by scientific evidence; then if necessary, by professional standards; then, if necessary, by expert opinion);
- Cost effective for the applicable condition, compared to alternative interventions, including no intervention. “Cost effective” does not mean lowest price. The fact that an attending practitioner prescribes, orders, recommends, or approves the intervention, or length of treatment time, does not make the intervention “medically necessary and appropriate.”

National Association of Boards of Pharmacy (NABP) Number — Number assigned by the National Association of Boards of Pharmacy to identify the pharmacy. The National Association of Boards of Pharmacy is an independent association that assists its member boards and jurisdictions in developing, implementing, and enforcing uniform standards for the purpose of protecting the public health.

National Drug Code Number (NDC) —A universal drug identification number assigned by the Food and Drug Administration (FDA).

Non-federal Legend Drug — A drug that does not require a prescription and is available “over-the-counter.”

Non-participating Pharmacy —Any pharmacy that does not have an agreement with the PBM.

Participating Pharmacy — Any pharmacy which has entered into an agreement with the PBM.

Participating Pharmacy Allowance — The maximum amount a retail pharmacy will be reimbursed by PBM for a particular medication. The participating pharmacy allowance is specified in the contract participating pharmacies enter into with the PBM.

Pharmacist —A person licensed to practice the profession of pharmacy and who practices in a pharmacy.

Pharmacy — Any place of business which meets these conditions: 1) It is registered as a pharmacy with the appropriate state licensing agency and 2) prescription drugs are

compounded and dispensed by a pharmacist. This definition does not include a physician who dispenses drugs, pharmacies or drug centers maintained by or on behalf of an employer, a mutual benefit association, labor union, trustee or similar person or group. It also does not include pharmacies maintained by hospitals, nursing homes, or similar institutions.

Prescription — The request for drugs issued by a physician licensed to make the request in the course of his professional practice.

Prior Authorization — A mechanism to screen a drug/drug class by specific criteria along with a patient's medical history to determine if the drug is covered under the plan. Prior authorization must be obtained for specific prescription drugs before they are determined to meet the eligibility requirements of the plan.

Quantity Management — Limits the maximum amount of one medication you may receive over a period of time. Prescription drugs may have a limit for any of the following reasons:

- Safety.
- Clinical guidelines and prescribing patterns.
- Potential for inappropriate use.
- FDA-approved dosing regimen(s).

Specialty Pharmaceuticals — Oral or injectable drugs that have unique production, administration, or distribution requirements. They require specialized patient education prior to use and ongoing patient assistance while undergoing treatment.

Specialty Pharmaceutical Provider — A provider that dispenses specialty pharmaceuticals.

Step Therapy — Requires prior authorization of certain more costly prescription drugs, where such drugs have shown no added benefit regarding efficacy or side effects over lower cost therapeutic alternatives. Step Therapy may require a trial of lower cost prescription drugs before approval of the higher cost prescription drug, where clinically appropriate. Step Therapy programs may be used to monitor the use of new medications that come on the market (second line agents) or select classifications of drugs.