** Brand Over Generic Tier 1 and Tier 2 Strategy (DAW 9)**

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 **Description:**Information about DAW 9, when a brand-name drug is a preferred and covered option over a generic. It includes instructions and suggested verbiage to use in the event a member questions why they received a brand-name drug instead of the generic.

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| **Daw 9 (Brand Over Generic) General Information** |

Brand Over Generic approach to deliver lowest net cost.

 The cornerstone of our formulary approach is always delivering the lowest net cost whether it is for the brand-name drug or generic. Sometimes, because of the way that manufacturers decide to price their drugs, the brand-name drug can be the option that delivers the lowest net cost for the plan.

 We evaluate the financial implication of new generic or authorized generic introductions, and in instances where the generic is not the most cost-effective option for clients, block the generic from our formulary. In these instances, we notify pharmacies that only the brand-name drug is covered on our formulary. This is referred to as our Brand Over Generic Strategy.

 We are addressing products that qualify for the Brand Over Generic Strategy in two ways, and we refer to the different approaches based on the member cost share (Tier 1 or Tier 2):

*  **For the Tier 1 Strategy**, claims for a select brand adjudicate at the Tier 1 cost share for members, which is typically the tier that includes low-cost generics. The Tier 1 Strategy maintains the generic member cost share for the brand product.
*  **For the Tier 2 Strategy**, claims for a select brand adjudicate at the brand member cost share. The Tier 2 Strategy is appropriate when select generics are not covered by the member’s plan.

  Tier 1 and Tier 2 strategies do NOT waive prior authorization requirements.

  If a generic alternative is processed and rejects correctly for the brand medication, do NOT override, as the brand medication is what needs to be dispensed.

*  If the brand medication is out of stock or has a shortage, utilize [Compass – Member Unable to Locate Medication at Mail Order or Retail (Back Order, Shortage, Not in Stock – NIS) 065451](https://thesource.cvshealth.com/nuxeo/thesource/#!/view?docid=47f1fc7c-d771-45ae-9de3-179ac312f222) to attempt to resolve the issue. If caller is unable to obtain brand medication, refer to [Compass – Lifeline Quick Assist (072646)](https://thesource.cvshealth.com/nuxeo/thesource/#!/view?docid=cfa341fa-0ce1-4886-9650-f3cb112508e7) for assistance with a procedural override request.

 If the member needs the generic specifically for reasons like medical necessity, a Prior Authorization would be required. Refer to [Prior Authorization, Exceptions, Appeals Guide (063978)](https://thesource.cvshealth.com/nuxeo/thesource/#!/view?docid=657ddfe3-27d1-4a21-8f51-8cbd3961001c).

In these situations, the brand-name drug claim is adjudicated at a Tier 1 copay or coinsurance for the member, which is typically the tier that includes low-cost generic alternatives. It also means that we will calculate member cost share using the generic drug cost, ensuring lower member cost during the deductible, if applicable.

 The deductible still applies per plan design.

 **For high-deductible health plan (HDHP) clients:** Member cost share for Tier 1 Strategy drugs will be based on the generic cost, which may be less than the brand-name drug cost.

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| **DAW 9 Talking Points** |

 **DO NOT instruct the member to have a physician write “DAW 9” on the prescription because this may cause a delay in dispensing.**

  **Never instruct a pharmacy to use DAW 9 unless the rejection message or test claim instructs you to.**

 Given our ability to negotiate discounts on behalf of payors, there are instances when the brand-name drug will deliver the lowest net cost for clients and their members.

 For clients with our standard formularies, these brand-name medications will remain a formulary covered option and will process at Tier 1 copay or coinsurance for the member. This is typically the tier that includes low-cost generic alternatives.

  The generics for these medications will reject as not covered with instructions for the pharmacy to dispense the brand and submit with DAW 9.

 There is virtually no member disruption; the change can take place at the pharmacy and no new prescription is required.

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| **Tier 1 and Tier 2 Strategy Drug Identification** |

A **Reject 606** will indicate that a medication is part of the **Tier 1 and Tier 2 Strategy**.

**CCR Action:** Review the information provided in the claim rejection and advise the caller:

* The generic is not covered under the plan and will require the brand medication to be filled.
* The pharmacy will need to reprocess the claim for the brand medication with DAW 9.
* A new prescription is NOT required.

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| **DAW 9 FAQs** |

Refer to the talking points below if a member calls with questions about receiving a brand-name drug at the generic copay (DAW 9):

**Q1: Will the member pay more under this strategy?**

**A1:**  Members will pay the Tier 1 member cost share. In most situations, members will pay the same or less than what they would pay for the generic medication.

 With the Tier 2 Strategy, the member will continue to pay the brand member cost share. Additional factors such as deductibles, etc. may impact member cost share, however when those factors are taken into account.

**Q2: How does this affect network pharmacies including mail service? How will the pharmacies be notified and educated about how to correctly process claims to help prevent member disruption or delay?**

**A2:**  There will be a reject message at Point of Sale (POS) for generic prescriptions with a message to use the brand-name product and process with a Dispense as Written 9 (DAW 9). We will notify both mail service and network pharmacies for this approach. We will also provide current generic drug utilization data to ensure that the pharmacies have time to update stock for brand name product.

**Q3: Can clients opt out of the Tier 1 strategy? The client letter indicates that may be an option.**

**A3:**Clients can choose to keep the brand-name drug copay for these medications for their members, but it would apply to all of the drugs in the Tier 1 strategy. **Example:**  A client can choose for their members to pay the brand-name drug copay for all in the category, but they cannot choose that for one drug and not the others.

**Note:  We do not recommend this strategy as it disadvantages the member.**

**Q4: Can we accommodate a client request to make the generic the preferred product?**

**A4:** No, formulary placement of the brand drug as preferred is embedded into our template formularies.

**Q5: Will this approach apply to mail order?**

**A5:** Yes. This strategy will apply in both the retail and mail order settings.

 **Q6: Will this apply to Value Formulary (VF)?**

 **A6:**This strategy also applies to VF.

**Q7: How will Customer Care Representatives be trained to address member questions?**

 **A7:** A broad Customer Care talk track will be provided for this situation. A reject message will state: PLEASE SUBMIT BRAND WITH DAW9 NDC NOT COVERED, USE BRAND \*\*\* WITH DAW9. NO OVERRIDE ALLOWED.

 **Note:**  If the rejection message mentions “non-formulary drug, contact prescriber”, this instruction can be ignored.

**Q8: What will we do when additional generic products enter the market?**

**A8:** Changes in the market (**Example:** New generic products are available, changes in the current pricing of the brand and/or first generic entry) will prompt a re-evaluation of our approach and change (if needed).

**Q9: Will we provide educational materials to clients to share with their members about why we typically encourage generics, but in this case the brand-name product is preferred?**

**A9:** No educational materials are planned at this time. The key message is around ensuring the lower-cost product is available. In some instances, the brand-name version of the drug is the lower-cost option. Network pharmacies should be able to educate the member on this situation based on the communication they receive from our Network team. A standard formulary disruption letter will be sent as part of our standard quarterly formulary change notification process to alert members that their generic drug will no longer be covered.

**Q10: How will the claims price for brand-name medications be processed since we are treating them as Tier 1 for members?**

**A10:** Pricing is as following:

* Member cost: Priced as generic
* Pharmacy cost: Priced as brand
* Client price: Priced as brand. However, net of rebate/discount, the brand-name medication may be the lower net cost. This is based on any client variation on generic guarantees.

**Q11: What if a client has applied a unique copay amount to the brand-name medication within the plan design, such as Evidence Based Plan Design (EBPD) or Preventive Drug List (PDL)?**

**A11:** If the client uses EBPD, the copay defined by EBPD will still apply to the brand. For clients that leverage a PDL, which includes the brand-name medication, the copay terms determined by the PDL set up will continue to apply.

**Q12: Will we offer a version of the PDL that includes both Tier 1 brand-name drugs and generic products?**

**A12:** No, the PDL document will reflect the Tier 1 strategy only.

**Q13: Can you provide example copay comparisons of the Tier 1 strategy vs. generic copay?**

**A13: See example.**

**Example:**  Member with flat copay:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Brand (+ cost difference if applicable)** | **Brand with DAW9\*** | **Generic** |
| Mitigare | $50 | $25 | $25 |

**\*Example only.** Actual member cost may vary depending on the specific generic and its price, but the cost will be similar.

**Example:**Member with coinsurance/deductible:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Brand** | **Brand with DAW9\*** | **Generic** |
| Mitigare | DAW dep | $167.52 | $168.41 |

**\*Example only.** Actual member cost may vary depending on the specific generic and its price, but the cost will be similar.

**Q14: Can you provide an example of client cost based on the Tier 1 strategy?**

**A14:**

|  |  |  |
| --- | --- | --- |
|  | **Brand** | **Generic** |
| Brand cost | $100 | $60 |
| Member cost share | $10 | $10 |
| Plan net cost | $30 | $50 |

**\*\*Example only.**Actual cost, member cost share, and plan net cost may vary.

**Q15: What happens if the pharmacy submits the brand-name drug claim but uses a DAW other than DAW 9?**

 **A15:** The Tier 1 Strategy will also apply if the pharmacy used any of the DAW codes.

 The Tier 1 and Tier 2 Strategy requires the pharmacy to submit DAW 9.

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