

The Prescription Drug Rating Manual can be used to determine claim costs for a wide variety of prescription drug benefit plans for either commercial or ages 65 and over populations.

The Prescription Drug Rating Manual has several unique features to provide maximum flexibility for the user, including:

The Prescription Drug Rating Model (RxRM), an automated rating tool that allows the user to quickly rate a multitude of benefit plan options by selecting rating variable inputs. The RxRM now reflects a six-tier formulary as the starting point. The new structure better aligns with most plan cost-sharing tiers and provides additional flexibility and accuracy for rating plans with multiple formulary tiers. The six formulary tiers are as follows:

- **Tier 1:** Preferred generics
- **Tier 2:** Non-preferred generics
- **Tier 3:** Preferred brands
- **Tier 4:** Non-preferred brands
- **Tier 5:** Specialty
- **Tier 6:** ACA-defined preventive drug

All tables throughout the rating structure and RxRM reflect this tiering. Users with fewer than six tiers can consolidate tiers by using the same assumptions for like tiers. The RxRM also includes:

- Ability to override generic dispensing rate
- Application of deductible to specific formulary tiers
- Inputs for the impact of changes to the plan's formulary
- Ability to modify discounts and dispensing fees by plan
- Input columns for up to 50 plan designs
- A separate Ages 65 and Over Rating Section that provides a modeling tool for developing the estimated cost of including some form of prescription drug coverage for Medicare-eligible beneficiaries
- Claim probability, per prescription, and drug therapy class cost distributions that allow the user to develop estimates for a wide variety of benefit design and pharmacy cost management programs

## Commercial Rating

The rating manual includes starting cost assumptions and step-by-step instructions to develop the expected prescription drug cost for a desired benefit plan.

## Ages 65 and Over

Similar to the commercial step-by-step instructions, this structure provides easy comparison of commercial to ages 65 and over components of prescription drug costs, such as generic percentage, trend, and drug therapy class mix.

## Cost Per Prescription Tables

The cost per prescription tables (Retail, Mail, Retail-Only; Tiers 1 through 6; Total) can be used to determine the effectiveness of member copayments and other cost-sharing design elements.

## Claim Probability Distributions

The Prescription Drug Claim Probability Distributions allow the user to calculate the impact of benefit plan deductibles, maximums, and out-of-pocket limits.

## Drug Therapy Class Cost Distributions

The drug therapy class distribution tables allocate the starting utilization and cost per member per month to specific drug therapy classes. Information in these tables can be useful for benefit design and cost management strategies related to exclusions and formularies.

For more information, contact your Milliman consultant or the Health Cost Guidelines manager at [hcgmanager@milliman.com](mailto:hcgmanager@milliman.com) if you are interested in licensing this product.