

PacifiCare SignatureValue®

Offered by PacifiCare of California

Outpatient Prescription Drug Benefit

Supplement to the Combined Evidence of Coverage and Disclosure

Understanding Your Outpatient Prescription Drug Benefit

This brochure contains important information for our Members about the PacifiCare outpatient prescription drug benefit. As part of PacifiCare's commitment to you, we want to provide you with the tools that will help you better understand and utilize your Pharmacy and Prescription Drug Plan. In an effort to eliminate confusion, PacifiCare has provided you with answers for your pharmacy questions such as:

- What is a Formulary?
- What is the difference between a brand-name and generic drug?
- Who can write my prescription?
- What happens in emergency situations?
- What is the Mail Service Pharmacy program?
- What is Preauthorization?

What else should I read to understand my pharmacy benefits?

We want our Members to get the most from their prescription drug benefit plan, so please read this Supplement to the Combined Evidence of Coverage and Disclosure Form ("Supplement") carefully. You need to become familiar with the terms used for explaining your coverage because understanding these terms is essential to understanding your benefit. Along with reading this publication, be sure to review your Pharmacy Schedule of Benefits. Your Pharmacy Schedule of Benefits provides the details of your particular pharmacy benefit plan, including the exclusions and limitations, applicable Copayments and PacifiCare's Preauthorization process. Together, these documents explain your outpatient pharmacy coverage. These documents should be read completely and carefully for a comprehensive understanding of your outpatient pharmacy benefits.

Your medical Combined Evidence of Coverage and Disclosure Form and Schedule of Benefits together with this Supplement to the Combined Evidence of Coverage and Disclosure Form and the Pharmacy Schedule of Benefits provide the terms and conditions of your benefit coverage. All applicants have a right to view these

documents prior to enrollment.

What is covered, what is not?

PacifiCare covers Medically Necessary drugs that are not otherwise excluded from coverage by PacifiCare, and Preauthorization may be required. Refer to your Pharmacy Schedule of Benefits for a description of covered medications as well as the limitations and exclusions for certain medications.

Formulary Drugs

What is a Formulary?

A Formulary is a list that contains a broad range of Food-and-Drug-Administration (FDA)-approved generic and some brand-name medications that are covered under your prescription drug benefit. Please refer to your Pharmacy Schedule of Benefits to determine how the Formulary applies to your prescription drug benefit.

Why are Formularies necessary?

Medication costs continue to rise. Formularies list those medications that offer value while maintaining quality of care to help reduce health care and premium costs.

Who decides which medications are on the Formulary?

Medications are added or deleted from the Formulary only after careful review by a committee of practicing Physicians and pharmacists. This committee, called a Pharmacy and Therapeutics (P&T) Committee, has the responsibility of reviewing new and existing drugs. This committee decides which drugs provide quality treatment at the best value. Updates occur quarterly; however, in certain situations, drugs may be added to or removed from the Formulary more frequently. You may obtain a copy of the Formulary by contacting Customer Service or from PacifiCare's Web site at www.pacificare.com.

Please remember that the inclusion of a specific drug on the Formulary does not guarantee that your Participating Physician will prescribe that drug for treatment of a particular condition.

Questions? Call the Customer Service Department at 1-800-624-8822.

What if my outpatient prescription medication is not on the Formulary?

Formularies list alternative medications, which are designed to be safe and effective. These medications generally have the same effect on your body. If your medication is not listed on PacifiCare's Formulary, ask your Participating Physician or Participating Pharmacist for an alternative prescription medication that is on the Formulary and medically appropriate for you. For information on Preauthorization, please refer to your Pharmacy Schedule of Benefit.

How is a medication added or deleted from the Formulary?

A medication must first demonstrate safety and effectiveness to be added to the Formulary. Only after this is determined is the cost of the medication considered. Some medications have similar safety and effectiveness, but one or two are available at a lower cost. In these cases, the least costly medications are added to the Formulary.

When does the Formulary change? If a change occurs, will I have to pay more to use a drug I had been using?

The National Pharmacy and Therapeutics Committee meets regularly, at least four times a year, to review the Formulary and add or remove medications. Our Formulary books are printed and distributed to your Participating Physicians on a regular basis and any changes to the Formulary are also communicated to your Participating Physician on a regular basis. We also make available on our Web site a listing of the most recent Formulary changes. See the section "Recent Formulary Changes" on the pharmacy page of our Web site. Refer to your Pharmacy Schedule of Benefits to find out if your Copayments are dependent on Formulary status.

If you are currently taking a prescription drug that is covered by PacifiCare for a specific medical condition and PacifiCare removes that drug from the Formulary, PacifiCare will continue to cover that drug. It will be covered provided your Participating Physician continues to prescribe the drug for your specific medical condition and provided that the drug is appropriately prescribed and continues to be considered safe and effective for treatment of your medical condition. Continued coverage is subject to all terms and conditions of your PacifiCare Health Plan, including the exclusions and limitations of your Pharmacy Schedule of Benefits.

Generic Prescription Drugs

What is the difference between generic and brand-name drugs?

When a new drug is put on the market, for many years it is typically available only under a manufacturer's brand name. At first, this new drug is protected by a patent. Only after the patent expires are competing

manufacturers allowed to offer the same drug. This type of drug is called a generic drug.

While the name of the drug may not be familiar to you, a generic drug has the same medicinal benefits as its brand-name competitor. In fact, a manufacturer must provide proof to the Food and Drug Administration (FDA) that a generic drug has the identical active chemical compound as the brand-name product. A generic product must meet rigid FDA standards for strength, quality, purity and potency.

Only when a generic drug meets these standards is it considered the brand-name drug's equivalent. When the FDA approves a new generic drug, PacifiCare may choose to replace the brand-name drug on the Formulary with the generic drug.

NOTE: If you have a question about our Formulary or a particular drug, please contact PacifiCare's Customer Service department at 1-800-624-8822 or TDHI 1-800-442-8833 or visit PacifiCare's Web site at www.pacificare.com.

Therapeutic Substitution of Medication

If there is no generic equivalent available for a specific brand-name drug, your Physician may prescribe a therapeutic substitute instead. Unlike a generic, which has the identical active ingredient as the brand-name version, a therapeutic substitute has a chemical composition that is different but acts similarly in clinical and therapeutic ways when compared to competing brand-name counterparts. If your Physician specifies therapeutic substitution, you will receive the therapeutic substitution medication and pay the applicable Copayment. (Refer to your Schedule of Benefits for the amount of your Copayment.)

Filling Your Prescription

Who can write my prescription?

Generally, to be eligible for coverage, your prescription must be written by a Participating Physician. There are two exceptions to this rule. The first is when the prescription is written by a Non-Participating Physician who has been preapproved by PacifiCare to treat you. The second exception is when a drug is prescribed for Emergency Services or Urgently Needed Services when you are out of the area. Emergency Service or Urgently Needed Service is defined in your medical Combined Evidence of Coverage and Disclosure Form.

How do I use my prescription drug benefit?

Your outpatient prescription drug benefit helps to cover the cost for some of the outpatient medications prescribed by a PacifiCare Participating Physician. Using your benefit is simple.

- Obtain your prescription from your PacifiCare Participating Physician.

- Present your prescription for a covered outpatient medication and PacifiCare Member ID card at any PacifiCare Participating Pharmacy. If ordering by phone, be sure to mention that you are a PacifiCare Member. Note that some prescription medications must be Preauthorized by PacifiCare.
- Pay the applicable Copayment (refer to your Schedule of Benefits for the amount of your Copayment) for a Prescription Unit or its retail cost, whichever is less.
- Receive your medication.

How much do I have to pay to get a prescription filled?

Refer to your Pharmacy Schedule of Benefits for specific details and Copayment amounts.

Where do I go to fill a prescription?

PacifiCare has a well-established network of pharmacies including most major pharmacy and supermarket chains as well as many independent pharmacies. A listing of Participating Pharmacies is available in the back of this brochure. Contact our Customer Service department at 1-800-624-8822 or TDHI 1-800-442-8833 to help locate a Participating Pharmacy near you or visit our Web site at www.pacificare.com for an up-to-date list.

When do I request a refill?

You may refill a prescription when a minimum of seventy-five percent (75%) of the quantity is consumed based on the days' supply.

I take maintenance medication on a continuing basis. How can I have my prescriptions filled when I am on vacation?

The most convenient and affordable way to obtain maintenance medications is to obtain a 90-day supply through our mail-service program (for additional details refer to the Mail Service Pharmacy section in this document). It is important to plan ahead because it takes approximately seven days to receive your 90-day supply from the mail-service program. Early refills for vacation are also available from Participating Pharmacies in certain circumstances – talk with your pharmacist about obtaining a vacation override. Our Customer Service Associates can also help you with planning for your medication needs while traveling – call 1-800-624-8822 or TDHI 1-800-442-8833.

What if I am sick and need a prescription when I'm away from home?

If you are sick and need an outpatient prescription medication filled when away from home, you may visit one of our Participating Pharmacies within our national pharmacy network and receive the medication for the applicable Copayment. For the nearest network pharmacy, contact Customer Service at 1-800-624-8822 or TDHI 1-800-442-8833 or visit our Web site at www.pacificare.com.

What happens in an emergency situation?

While in most circumstances you must fill your prescription at a Participating Pharmacy, you may fill your prescription for outpatient medication at a Non-Participating Pharmacy in an emergency or urgent situation. In such situations, you must pay the total cost of the prescription at the time you receive the medication, and you will be reimbursed by PacifiCare for the cost of the medication, less the applicable Copayment. However, if PacifiCare determines that you obtained the prescription medication from a Non-Participating Pharmacy without an emergency or urgent situation, you will be responsible for the total cost of the medication, and PacifiCare will not reimburse you.

To obtain reimbursement for emergency or urgently needed prescription medications, you must follow the instructions below under "How do I obtain reimbursement?" You are only eligible for reimbursement for prescriptions related to urgent or emergency situations as defined by PacifiCare (refer to your medical Combined Evidence of Coverage and Disclosure Form) less the applicable Copayment.

Remember: You should only fill a prescription at a Non-Participating Pharmacy in an urgent or emergency situation.

How do I obtain reimbursement?

Call the Customer Service department at 1-800-624-8822 or TDHI 1-800-442-8833 or visit PacifiCare's Web site at www.pacificare.com to obtain the Direct Reimbursement Form. Provide the following: Direct Member Reimbursement Form; copies of the prescription receipts showing the prescription number, name of the medication, date filled, pharmacy name, name of the Member for whom the prescription was written, proof of payment, and a description of why a PacifiCare Participating Pharmacy was not available. Send these documents to: PacifiCare Pharmacy Department, P.O. Box 6037, Cypress, CA 90630.

You should submit the Direct Reimbursement Form within 90 days, or as soon as reasonably possible from the date of service. Payment will be forwarded to you once your request for reimbursement is determined by PacifiCare to be appropriate.

Emergency After-Hours

PacifiCare will cover an emergency after-hours prescription without Preauthorization in the following situations:

- The prescription is for medication in conjunction with a Hospital discharge, emergency room or urgent care facility visit limited to a (seven) 7 days' supply except for antibiotics which may be dispensed in up to a fifteen (15)-day supply.
- Medications used for acute treatment and immediate use is required.

- Any time the prescribing Physician states that failure to supply the medication will result in a severe medical event or Hospital admission.

Note: After-hours Preauthorization will not be approved for any of the following situations:

- Continuation of a restricted medication based solely on a previous authorization or previous use.
- A change to an existing Preauthorization to extend the days' supply.
- A change to an existing Preauthorization to correct erroneous information.
- Early refills of maintenance medications.
- Early refills for signature changes or dosage changes.

When I fill a prescription, how much medication do I receive?

For a single Copayment, Members receive one Prescription Unit, which represents a maximum of one month's (30 days' supply) fill of outpatient prescription medication that can be obtained at one time. For most oral medications, a Prescription Unit is up to a 30-day supply of medication.

Medications dispensed in quantities other than the 30-day supply maximum are listed below:

- **Medications with quantity limitations:** The Prescription Unit for some medications may be set at a smaller quantity to promote appropriate medication use and patient safety. These quantity limits are based on generally accepted pharmaceutical practices and the manufacturer's labeling. For example, antibiotics typically require less than a 30-day supply; and certain drugs, such as controlled substances and migraine medications, may be limited due to the expectation of patient need and in accordance with manufacturer's recommended dosages. Drugs with quantity limitations may be dispensed in greater quantities if Medically Necessary and Preauthorized by PacifiCare.
- **Defined or prepackaged units of medications:** Prescriptions such as inhalers, eye drops, creams or other types of medications that are normally dispensed in prepackaged or defined units of 30 days or less will be considered a single Prescription Unit.
- **Medication obtained through PacifiCare's Mail Service Pharmacy program:** If you use the PacifiCare Mail Service Pharmacy program, you will receive three Prescription Units or up to a 90-day supply of maintenance medications (except for prepackaged medications as described above).

PacifiCare's Mail Service Pharmacy Program

What is the Mail Service Pharmacy program?

PacifiCare offers a Mail Service Pharmacy program through **Prescription Solutions**®. The Mail Service Pharmacy program provides convenient service and savings on maintenance medications that you may take on a regular basis by allowing you to purchase certain drugs for receipt by mail. You get quality medications mailed directly to your home or address of your choice within the United States in a discreetly labeled envelope to ensure privacy and safety. Shipping and handling is at no additional charge.

If you use our Mail Service Pharmacy program, you will generally get your maintenance medication within seven (7) working days after receipt of your order. All orders are shipped in discreetly labeled envelopes for privacy and safety.

Here's how to fill prescriptions through the Mail Service Pharmacy program.

1. Call your Participating Physician to obtain a new prescription for each medication. When you call, ask the Physician to write the prescription for a 90-day supply, which represents three (3) Prescription Units with up to three (3) additional refills. The doctor will tell you when to pick up the written prescription. (Note: Prescription Solutions must have a new prescription to process any new mail service request.)
2. After picking up the prescription, complete the Mail Service Form included in your enrollment materials. (To obtain additional forms or for assistance in completing the form, call PacifiCare's Customer Service department at 1-800-624-8822 or TDHI 1-800-442-8833. You can also find the form at the Web site address www.rxolutions.com.)
3. Enclose the prescription and appropriate Copayment via check, money order or credit card. Your Pharmacy Schedule of Benefits will have the applicable Copayment for the Mail Service Pharmacy program. Make the check or money order payable to **Prescription Solutions**. No cash please.

When you receive your prescription, you'll get detailed instructions that tell you how to take the medication, possible side effects and any other important information about the medication. If you have questions, registered pharmacists are available to help you by calling **Prescription Solutions** at 1-800-562-6223 or TDHI 1-800-498-5428.

Note: Medications such as Schedule II substances (e.g., Morphine, Ritalin and Dexedrine), antibiotics, drugs used for short-term or acute illnesses, and drugs that require special packaging (including refrigeration) are not available through our Mail Service Pharmacy program. Prescription medications prescribed for the treatment of sexual dysfunction are not available through the Mail Service Pharmacy program.

Important Tip: If you are starting a new medication, please request two prescriptions from your Participating Physician. Have one filled immediately at a Participating Pharmacy while mailing the second prescription to PacifiCare's Mail Service Pharmacy. Once you receive your medication through the mail service, you should stop filling the prescription at the Participating Pharmacy.

Preauthorization

What is Preauthorization?

PacifiCare covers Medically Necessary prescription medications when prescribed by a Participating Physician, and Preauthorization may be required. For example, medications when prescribed for cosmetic purposes such as wrinkle creams, are not generally covered. Medication quantities may also be limited to ensure that they are being used safely and effectively, and Copayments, exclusions and limitations vary. Please be sure to read your Pharmacy Schedule of Benefits, which describes the details of your prescription drug coverage, including the types of medications that require Preauthorization and that are limited or excluded. Prescriptions that require Preauthorization will be charged at the applicable Copayment if approved.

We want to make sure our Members receive optimal care, and appropriate medication use is a big part of maintaining your overall health. That is why we have systems in place to make sure your medication is Medically Necessary and prescribed according to treatment guidelines consistent with standard professional practice. We also want to make sure you are not taking more medication than you need or are taking medication for a longer period of time than is necessary, and that you are receiving follow-up care. PacifiCare reserves the right to require Preauthorization and/or limit the quantity of any prescription. The following is a list of factors that PacifiCare takes into consideration when completing a Preauthorization review:

- The prescription is for the treatment of a covered medical condition and the expected beneficial effects of the prescription outweigh the harmful effects.
- There is sufficient evidence to draw conclusions about the effect of the prescription on the medical condition being treated and on your health outcome.
- The prescription represents the most cost-effective method to treat the medical condition.
- The prescription drug is prescribed according to established, documented and approved indications that are supported by the weight of scientific evidence.

What do I do if I need Preauthorization?

We understand that situations may arise in which it may be Medically Necessary to take a medication above the preset limits or for a particular condition/circumstance. In these instances, since your Participating Physician understands your medical history and health conditions,

he/she can request Preauthorization. We have made the process simple and easy. Your Participating Physician can call or fax the Preauthorization request to **Prescription Solutions®**, which is PacifiCare's pharmacy benefit manager. The Preauthorization staff of qualified pharmacists and technicians is available Monday through Friday from 6:00 a.m. to 6:00 p.m. to assist Participating Physicians. Most authorizations are completed within 24 hours. The most common reason for delay in the authorization process is insufficient information. Your Participating Physician may need to provide information on diagnosis and medication history and/or evidence in the form of documents, records or lab tests which establish that the use of the requested medication meets plan criteria.

Does this plan limit or exclude certain drugs my health care provider may prescribe or encourage substitutions for some drugs?

Your PacifiCare pharmacy benefit provides you access to a wide range of FDA-approved brand-name and generic medications. The Formulary is developed with input from Participating Physicians and pharmacists and is based on assessment of the drug's quality, safety, effectiveness and cost. If a medication is not included on the Formulary, it may be because the Plan's Formulary includes other drugs that are frequently prescribed for the same condition as those that are not included on the Formulary. For example, PacifiCare may have an equivalent generic medication on the Formulary for the brand-name medication prescribed by your Participating Physician. It is also important to remember there may be other options available for treating a particular medical condition. Non-Formulary medications may require Preauthorization and will be approved when Medically Necessary unless otherwise excluded by PacifiCare as described in the "Exclusions and Limitations" section of the Pharmacy Schedule of Benefits. Refer to the Section titled "What do I do if I need Preauthorization?" in this document for additional information.

What should I do if I want to appeal a Preauthorization decision?

As a PacifiCare Member, you have the right to appeal any Preauthorization decision. Contact Customer Service at 1-800-624-8822 or TDHI 1-800-442-8833 for details on the Preauthorization or appeals process. Please refer to your medical Combined Evidence of Coverage and Disclosure Form [Section Eight] for more details on the appeals process and the expedited review process.

Helpful tips:

- Take your medications list with you to the doctor's office.
- Ask your doctor if the drug prescribed is on the PacifiCare Formulary.

- Talk with your doctor about Formulary alternative medications to treat your medical condition.
- You and your doctor can access the most current Formulary information on our Web site at www.pacificare.com including information on Formulary alternatives.

Definitions

Contract Year - The twelve-month period that begins on the first day of the month the Agreement become effective.

Calendar Year - The time period beginning on January 1 and ending on December 31.

Formulary - The Formulary is a list that contains a broad range of FDA-approved generic and some brand-name medications that under state or federal law are to be dispensed by a prescription only. The Formulary does not include all prescription medications.

Non-Participating Pharmacy - A pharmacy that has NOT contracted with PacifiCare to provide outpatient prescription drugs to our Members.

Non-Participating Physician - A Physician who has NOT contracted with PacifiCare to provide health care services to our Members.

Participating Pharmacy - A pharmacy that has contracted with PacifiCare to provide outpatient prescription drugs to our Members.

Participating Physician - A Physician who has contracted with PacifiCare to provide health care services to our Members.

Plan Year – The 12-month period that begins on the first day of the month the Agreement became effective.

Preauthorization - PacifiCare's review process that determines whether a prescription drug is Medically Necessary and not otherwise excluded prior to the Member receiving the prescription drug.

Prescription Unit - The maximum amount (quantity) of prescription medication that may be dispensed per single Copayment. For most oral medications, a Prescription Unit represents up to a 30-day supply of medication. The Prescription Unit for some medications may be set at a smaller quantity to promote appropriate medication use and patient safety. Quantity limits are based on generally accepted pharmaceutical practices and the manufacturer's labeling. Prescriptions that are normally dispensed in prepackaged or commercially available units of 30 days or less will be considered a single Prescription Unit, including, but not limited to, one inhaler, one vial of ophthalmic medication, one tube of topical ointment or cream.

Selected Brands List - The brand-name drugs included on the PacifiCare Formulary in place of their generic equivalents. These drugs are available at the generic drug Copayment amount.

Non-Formulary Preferred Drug: Non-Formulary drug that is more cost-effective than a similar non-Formulary drug.

Pharmacy Listing

For the most up-to-date list visit the Web site at www.pacificare.com

- Albertson's Food & Drug
- Bel Air Market Pharmacies
- Costco Pharmacies
- Drug Emporium
- Friendly Meds
- Gemmel Pharmacy Group
- Horton & Converse Pharmacies
- Kmart Pharmacies
- Long's Drug Stores (except Hawaii)
- Medicap Pharmacies
- Medicine Shoppe Pharmacies
- Network Pharmacies
- Raley's Drug Center
- Rite Aid Pharmacies
- Safeway Pharmacies
- Save Mart Pharmacies
- Sav-On Drugs/Sav-On Express
- Sharp Rees-Stealy Pharmacies
- Talbert Health Services
- Target Pharmacy
- United Supermarkets, Inc.
- Value Merchandise
- Vons Food and Drug
- Walgreen's
- Wal-Mart Pharmacies