# Outpatient Prescription Drug Benefits

## Supplement to Your HMO/POS Evidence of Coverage

### Summary of Benefits

<table>
<thead>
<tr>
<th>Member Calendar Year Brand Drug Deductible</th>
<th>Deductible Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participating Pharmacy</td>
</tr>
<tr>
<td>Per Member</td>
<td>$150</td>
</tr>
<tr>
<td>Applicable to all covered Brand Drugs, including Brand Specialty Drugs. Does not apply to contraceptive Drugs and devices.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Participating Pharmacy</th>
<th>Non-Participating Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail Prescriptions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contraceptive Drugs and Devices</td>
<td>$0</td>
<td>Not covered</td>
</tr>
<tr>
<td>Formulary Generic Drugs</td>
<td>$5</td>
<td>Not covered</td>
</tr>
<tr>
<td>Formulary Brand Drugs</td>
<td>$10</td>
<td>Not covered</td>
</tr>
<tr>
<td>Non-Formulary Brand Drugs</td>
<td>$25</td>
<td>Not covered</td>
</tr>
</tbody>
</table>

| **Mail Service Prescriptions** | | |
| Contraceptive Drugs and Devices | $0 | Not covered |
| Formulary Generic Drugs | $10 | Not covered |
| Formulary Brand Drugs | $20 | Not covered |
| Non-Formulary Brand Drugs | $50 | Not covered |

| **Specialty Pharmacies** | | |
| Specialty Drugs | 20% - $200 maximum | Not covered |

1. Coinsurance is calculated based on the contracted rate.  
2. There is no Copayment or Coinsurance for contraceptive drugs and devices. However, if a Brand contraceptive Drug is requested when a Generic Drug equivalent is available, the Member will be responsible for paying the difference between the cost to Blue Shield for the Brand contraceptive Drug and its Generic Drug equivalent. If the Brand contraceptive drug is Medically Necessary, it may be covered without a Copayment or Coinsurance with prior authorization. The difference in cost does not accrue to the Calendar Year Brand Drug Deductible, Medical Deductible, or Out-of-Pocket Maximum.  
3. Blue Shield’s Short-Cycle Specialty Drug Program allows initial prescriptions for select Specialty Drugs to be dispensed for a 15-day trial supply, as further described in the EOC. In such circumstances, the applicable Specialty Drug Copayment or Coinsurance will be pro-rated.  
4. Includes oral Anticancer Medications.
This plan's prescription drug coverage is on average equivalent to or better than the standard benefit set by the federal government for Medicare Part D (also called creditable coverage). Because this plan's prescription drug coverage is creditable, you do not have to enroll in a Medicare prescription drug plan while you maintain this coverage. However, you should be aware that if you have a subsequent break in this coverage of 63 days or more any time after you were first eligible to enroll in a Medicare prescription drug plan, you could be subject to a late enrollment penalty in addition to your Part D premium.
Outpatient Prescription Drug Benefit

Your plan provides coverage for Outpatient Prescription Drugs as described in this supplement. This Prescription Drug Benefit is separate from the medical Plan coverage. The Coordination of Benefits provisions do not apply to this Outpatient Prescription Drug Supplement. However, the Calendar Year Out-of-Pocket Maximum, general provisions and exclusions of the Group Health Service Contract apply.

A Physician or Health Care Provider must prescribe all Drugs covered under this Benefit, including over-the-counter items. You must obtain all Drugs from a Participating Pharmacy, except as noted below.

Blue Shield’s Drug Formulary is a list of Food and Drug Administration (FDA)-approved preferred Generic and Brand Drugs that assists Physicians and Health Care Providers to prescribe Medically Necessary and cost-effective Drugs.

Your plan may cover Non-Formulary Drugs at a higher Copayment or Coinsurance. Some Drugs and most Specialty Drugs require prior authorization by Blue Shield for Medical Necessity, as described in the Prior Authorization/Exception Request Process section. You, your Physician or Health Care Provider may request prior authorization from Blue Shield.

Some drugs have specific quantity limits as described in Limitation on Quantity of Drugs that May Be Obtained Per Prescription or Refill.

Outpatient Drug Formulary

Blue Shield’s Pharmacy and Therapeutics Committee consists of physicians and pharmacists responsible for evaluating Drugs for relative safety, effectiveness, health benefit based on the medical evidence, and comparative cost. They review new Drugs, dosage forms, usage and clinical data to update the Formulary during scheduled meetings four times a year. Note: Your Physician or Health Care Provider might not prescribe a Drug even though the Drug is included on the Formulary.

You can find the Drug Formulary at https://www.blueshieldca.com/b sca/pharmacy/home.sp. You can also contact Customer Service at the number provided on the back page of your EOC to ask if a specific Drug is included in the Formulary, or to request a printed copy..

Obtaining Outpatient Prescription Drugs at a Participating Pharmacy

You must present a Blue Shield Identification Card at a Participating Pharmacy to obtain Drugs under the Outpatient Prescription Drug benefit. You can locate a Participating Pharmacy by visiting https://www.blueshieldca.com/b sca/pharmacy/home.sp. or by calling Customer Service. If you obtain Drugs at a Non-Participating Pharmacy or without a Blue Shield Identification Card, Blue Shield will deny your claim, unless it is for a covered emergency.

Blue Shield negotiates contracted rates with Participating Pharmacies for covered Drugs. If your plan has a Brand Drug Deductible, you are responsible for paying the full contracted rate for Brand Drugs until you meet the Member Calendar Year Brand Drug Deductible.

You must pay the applicable Copayment or Coinsurance for each prescription Drug when you obtain it from a Participating Pharmacy. When the Participating Pharmacy’s contracted rate is less than your Copayment or Coinsurance, you only pay the contracted rate.

If your Physician or Health Care Provider prescribes a Brand Drug and indicates that a Generic Drug equivalent should not be substituted, you pay your applicable Formulary or Non-Formulary Brand Drug Copayment or Coinsurance.

If you select a Brand Drug when a Generic Drug equivalent is available, you must pay the difference in cost, plus your Generic Drug Copayment or Coinsurance. This is calculated by taking the difference between the Participating Pharmacy’s contracted rate for the Brand Drug and the Generic Drug equivalent, plus the Generic Drug Copayment or Coinsurance. For example, you select Brand Drug A when there is an equivalent Generic Drug A available. The Participating Pharmacy’s contracted rate for Brand Drug A is $300, and the contracted rate for Generic Drug A is $100. You would be responsible for paying the $200 difference in cost, plus your Generic Drug Copayment or Coinsurance. This difference in cost does not apply to the Member Calendar Year Brand Drug Deductible or the Calendar Year Out-of-Pocket Maximum.

If your Physician or Health Care Provider does not indicate that a Generic Drug equivalent should not be substituted, you can request an exception to paying the difference in cost between the Brand Drug and Generic Drug equivalent through the Blue Shield prior authorization process. The request is reviewed for Medical Necessity. See the section on Prior Authorization/Exception Request Process below for more information on the approval process. If the request is approved, you pay only the applicable Formulary or Non-Formulary Brand Drug Copayment or Coinsurance.

Exception Process for Obtaining Outpatient Prescription Drugs at a Non-Participating Pharmacy

When you obtain Drugs from a Non-Participating Pharmacy for a covered emergency:

- You must first pay all charges for the prescription,
- Submit a completed Prescription Drug Claim form for reimbursement to:
  Blue Shield of California
  Argus Health Systems, Inc.
Blue Shield will reimburse you based on the price you paid for the Drug, minus any applicable Deductible and Copayment or Coinsurance.

Claim forms may be obtained by calling Customer Service or visiting www.blueshieldca.com. Claims must be received within one year from the date of service to be considered for payment. Claim submission is not a guarantee of payment.

Obtaining Outpatient Prescription Drugs through the Mail Service Prescription Drug Program

You have an option to use Blue Shield’s Mail Service Prescription Drug Program when you take maintenance Drugs for an ongoing condition. This allows you to receive up to a 90-day supply of your Drug and may help you to save money. You may enroll online, by phone, or by mail. Please allow up to 14 days to receive the Drug. Your Physician or Health Care Provider must indicate a prescription quantity equal to the amount to be dispensed. Specialty Drugs are not available through the Mail Service Prescription Drug Program.

You must pay the applicable Mail Service Prescription Drug Copayment or Coinsurance for each prescription Drug.

Visit www.blueshieldca.com or call Customer Service to get additional information about the Mail Service Prescription Drug Program.

Obtaining Specialty Drugs through the Specialty Drug Program

Specialty Drugs are Drugs requiring coordination of care, close monitoring, or extensive patient training for self-administration that generally cannot be met by a retail pharmacy and are available at a Network Specialty Pharmacy. Specialty Drugs may also require special handling or manufacturing processes (such as biotechnology), restriction to certain Physicians or pharmacies, or reporting of certain clinical events to the FDA. Specialty Drugs are generally high cost.

Specialty Drugs are available from a Network Specialty Pharmacy. A Network Specialty Pharmacy provides Specialty Drugs by mail or upon your request, at an associated retail store for pickup. Exceptions for access at other Participating Pharmacies are available under limited circumstances. If a Participating Pharmacy is not reasonably accessible, you may obtain Specialty Drugs from a Non-Participating Pharmacy (see Exceptions Process for Obtaining Outpatient Prescription Drugs at a Non-Participating Pharmacy).

A Network Specialty Pharmacy offers 24-hour clinical services, coordination of care with Physicians, and reporting of certain clinical events associated with select Drugs to the FDA. To select a Network Specialty Pharmacy, you may go to http://www.blueshieldca.com or call Customer Service.

Go to http://www.blueshieldca.com for a complete list of Specialty Drugs. Most Specialty Drugs require prior authorization for Medical Necessity by Blue Shield, as described in the Prior Authorization/Exception Request Process section.

Prior Authorization/Exception Request Process

Some Drugs and Drug quantities require prior approval for Medical Necessity before they are eligible for coverage under the Outpatient Prescription Drug Benefit. This process is called prior authorization. Some Formulary, Non-Formulary, compound Drugs, and most Specialty Drugs require prior authorization. Blue Shield limits Drugs to a maximum allowable quantity based on Medical Necessity and appropriateness of therapy. Drugs exceeding the maximum allowable quantity require prior authorization. Additionally, some Brand contraceptives may require prior authorization to be covered without a Copayment or Coinsurance.

Blue Shield covers compounded medication(s) when:

- The compounded medication(s) include at least one Drug,
- There are no FDA-approved, commercially available, medically appropriate alternative,
- The compounded medication is self-administered, and
- Medical literature supports its use for the diagnosis.

You must pay the Non-Formulary Brand Drug Copayment or Coinsurance for covered compound Drugs.

You, your Physician or Health Care Provider may request prior authorization or exception request by submitting supporting information to Blue Shield. Once Blue Shield receives all required supporting information, we will provide prior authorization approval or denial, based upon Medical Necessity, within two business days.

Limitation on Quantity of Drugs that May Be Obtained Per Prescription or Refill

1. Except as otherwise stated below, you may receive up to a 30-day supply of Outpatient Prescription Drugs. If a Drug is available only in supplies greater than 30 days, you must pay the applicable retail Copayment or Coinsurance for each additional 30-day supply.

2. Blue Shield has a Short Cycle Specialty Drug Program. With your agreement, designated Specialty Drugs may be dispensed for a 15-day trial supply at a pro-rated Copayment or Coinsurance for an initial prescription. This program allows you to receive a 15-day supply of your Specialty Drug and determine whether you will tolerate it before you obtain the full 30-day supply. This program can help you save out of pocket expenses if you cannot tolerate the Specialty Drug. The Network
Specialty Pharmacy will contact you to discuss the advantages of the program, which you can elect at that time. You or your Physician may choose a full 30-day supply for the first fill.

If you agree to a 15-day trial, the Network Specialty Pharmacy will contact you prior to dispensing the remaining 15-day supply to confirm that you are tolerating the Specialty Drug. You can find a list of Specialty Drugs in the Short Cycle Specialty Drug Program by visiting https://www.blueshieldca.com/bshca/pharmacy/home.sp or by calling Customer Service.

3. You may receive up to a 90-day supply of Drugs in the Mail Service Prescription Drug Program. Note: if your Physician or Health Care Provider writes a prescription for less than a 90-day supply, the mail service pharmacy will dispense that amount and you are responsible for the applicable Mail Service Copayment or Coinsurance. Refill authorizations cannot be combined to reach a 90-day supply.

4. Select over-the-counter (OTC) drugs with a United States Preventive Services Task Force (USPSTF) rating of A or B may be covered at a quantity greater than a 30-day supply.

5. You may refill covered prescriptions at a Medically Necessary frequency.

Outpatient Prescription Drug Exclusions and Limitations

Blue Shield does not provide coverage in the Outpatient Prescription Drug Benefit for the following. You may receive coverage for certain services excluded below under other Benefits. Refer to the applicable section(s) of your EOC to determine if the Plan covers Drugs under that Benefit.

1. Drugs obtained from a Non-Participating Pharmacy. This exclusion does not apply to Drugs obtained for a covered emergency. Nor does it apply to Drugs obtained for an urgently needed service for which a Participating Pharmacy was not reasonably accessible.

2. Any Drug you receive while an inpatient, in a Physician’s office, Skilled Nursing Facility or Outpatient Facility. See the Professional (Physician) Benefits and Hospital Benefits (Facility Services) sections of your EOC.

3. Take home drugs received from a Hospital, Skilled Nursing Facility, or similar facilities. See the Hospital Benefits and Skilled Nursing Facility Benefits sections of your EOC.

4. Unless listed as covered under this Outpatient Prescription Drug Benefit, Drugs that are available without a prescription (OTC) including drugs for which there is an OTC drug that has the same active ingredient and dosage as the prescription drug.

5. Drugs for which you are not legally obligated to pay, or for which no charge is made.

6. Drugs that are considered to be experimental or investigational.

7. Medical devices or supplies except as listed as covered herein. This exclusion also applies to prescription preparations applied to the skin that are approved by the FDA as medical devices. See the Prosthetic Appliances Benefits, Durable Medical Equipment Benefits, and the Orthotics Benefits sections of your EOC.

8. Blood or blood products. See the Hospital Benefits section of your EOC.

9. Drugs when prescribed for cosmetic purposes. This includes, but is not limited to, drugs used to slow or reverse the effects of skin aging or to treat hair loss.

10. Medical food, dietary, or nutritional products. See the Home Health Care Benefits, Home Infusion and Home Injectable Therapy Benefits, PKU-Related Formulas and Special Food Product Benefits sections of your EOC.

11. Any Drugs which are not considered to be safe for self-administration. These medications may be covered under the Home Health Care Benefits, Home Infusion and Home Injectable Therapy Benefits, Hospice Program Benefits, or Family Planning Benefits sections of your EOC.

12. All Drugs for the treatment of infertility.

13. Appetite suppressants or drugs for body weight reduction. These Drugs may be covered if Medically Necessary for the treatment of morbid obesity. In these cases prior authorization by Blue Shield is required.

14. Contraceptive drugs or devices which do not meet all of the following requirements:
   - Are FDA-approved
   - Are ordered by a Physician or Health Care Provider
   - Are generally purchased at an outpatient pharmacy, and
   - Are self-administered.

Other contraceptive methods may be covered under the Family Planning Benefits section of your EOC.

15. Compounded medication(s) which do not meet all of the following requirements:
   - The compounded medication(s) include at least one Drug
   - There are no FDA-approved, commercially available, medically appropriate alternatives
   - The compounded medication is self-administered, and
   - Medical literature supports its use for the diagnosis.
16. Replacement of lost, stolen or destroyed Drugs.

17. If you are enrolled in a Hospice Program through a Participating Hospice Agency, Drugs that are Medically Necessary for the palliation and management of terminal illness and related conditions. These Drugs are excluded from coverage under Outpatient Prescription Drug Benefits and are covered under the Hospice Program Benefits section of your EOC.

18. Drugs prescribed for the treatment of dental conditions. This exclusion does not apply to:
   - Antibiotics prescribed to treat infection,
   - Drugs prescribed to treat pain, or
   - Drug treatment related to surgical procedures for conditions affecting the upper/lower jawbone or associated bone joints.

19. Except for a covered emergency, Drugs obtained from a pharmacy:
   - Not licensed by the State Board of Pharmacy, or
   - Included on a government exclusion list.

20. Immunizations and vaccinations solely for the purpose of travel.

21. Drugs packaged in convenience kits that include non-prescription convenience items, unless the Drug is not otherwise available without the non-prescription components. This exclusion shall not apply to items used for the administration of diabetes or asthma Drugs.

22. Repackaged prescription drugs (drugs that are repackaged by an entity other than the original manufacturer).

Definitions

When the following terms are capitalized in this Outpatient Prescription Drug Supplement, they will have the meaning set forth below:

**Anticancer Medications** — Drugs used to kill or slow the growth of cancerous cells.

**Brand Drugs** — Drugs which are FDA-approved after a new drug application and/or registered under a brand or trade name by its manufacturer.

**Drugs** — for coverage under the Outpatient Prescription Drug Benefit, Drugs are:
1. FDA-approved medications that require a prescription either by California or Federal law;
2. Insulin, and disposable hypodermic insulin needles and syringes;
3. Pen delivery systems for the administration of insulin, as Medically Necessary;
4. Diabetic testing supplies (including lancets, lancet puncture devices, blood and urine testing strips, and test tablets);
5. Over-the-counter (OTC) drugs with a United States Preventive Services Task Force (USPSTF) rating of A or B;
6. Contraceptive drugs and devices, including:
   - diaphragms,
   - cervical caps,
   - contraceptive rings,
   - contraceptive patches,
   - oral contraceptives,
   - emergency contraceptives, and
   - female OTC contraceptive products when ordered by a Physician or Health Care Provider;
7. Inhalers and inhaler spacers for the management and treatment of asthma.

**Formulary** — a list of preferred Generic and Brand Drugs maintained by Blue Shield’s Pharmacy & Therapeutics Committee. It is designed to assist Physicians and Health Care Providers in prescribing Drugs that are Medically Necessary and cost-effective. The Formulary is updated periodically.

**Generic Drugs** — Drugs that are approved by the FDA or other authorized government agency as a therapeutic equivalent (i.e. contain the same active ingredient(s)) to the Brand Drug.

**Network Specialty Pharmacy** — select Participating Pharmacies contracted by Blue Shield to provide covered Specialty Drugs.

**Non-Formulary Drugs** — Drugs that Blue Shield’s Pharmacy and Therapeutics Committee has determined do not have a clear advantage over Formulary Drug alternatives. Benefits may be provided for Non-Formulary Drugs and are always subject to the Non-Formulary Copayment or Coinsurance.

**Non-Participating Pharmacy** — a pharmacy which does not participate in the Blue Shield Pharmacy Network. These pharmacies are not contracted to provide services to Blue Shield Members.

**Participating Pharmacy** — a pharmacy which has agreed to a contracted rate for covered Drugs for Blue Shield Members. These pharmacies participate in the Blue Shield Pharmacy Network.

**Specialty Drugs** — Drugs requiring coordination of care, close monitoring, or extensive patient training for self-administration that generally cannot be met by a retail pharmacy and are available at a Network Specialty Pharmacy. Specialty Drugs may also require special handling.
or manufacturing processes (such as biotechnology), restriction to certain Physicians or pharmacies, or reporting of certain clinical events to the FDA. Specialty Drugs are generally high cost.

See the Grievance Process portion of your EOC for information on filing a grievance, your right to seek assistance from the Department of Managed Health Care, and your rights to independent medical review.

Please be sure to retain this document. It is not a Contract but is a part of your EOC.