



underwriting

What You Need to Know About... Rx Checks

Life insurance carriers consistently look for ways to improve their mortality experience in a cost efficient manner which requires a careful allocation of limited resources. One recent development gaining traction in life insurance underwriting is the use of prescription database checks, or Rx checks.

What is an Rx Check?

Pharmacies and Pharmacy Benefit Managers (PBM) have information about consumer prescription histories, some of which is available to life insurance carriers with a signed authorization from the proposed insured. Since not all pharmacies or PBMs share information, not all consumer information is available to insurance carriers, even with an authorization. An Rx check that comes up blank does not necessarily mean the client has not been prescribed medication recently and an Rx check that shows prescribed medication is not assumed to be a definitive list. Nevertheless, the Rx check offers an underwriter credible data similar to Motor Vehicle Records and Medical Information Bureau reports.



What information is included in an Rx Check?

Rx checks include information on medications that have been prescribed to the proposed insured and can help in a number of ways. Life insurance underwriters expect full disclosure and Rx checks help in this regard. They not only provide information about medications prescribed, but also the names and locations of the prescribing physician(s). This information can then be checked against the admissions on the insurance application.

How is this information utilized by the carriers?

Any information received by life insurance carriers is used in conjunction with other underwriting information to "triage" incoming applications. Like busy hospital emergency rooms that must allocate and manage care based on need, busy life insurance

underwriting departments must decide which applications need more comprehensive underwriting and which need less. An Rx check is one tool that helps in this sorting.

Not all medications are alike. Some are more potent than others and represent greater health risks; conversely, some medications may suggest relatively mild histories. The ability to identify the types of medications and dosages may allow underwriters to move to their final decisions more quickly without the need for medical records, saving time and money.

Rx checks help underwriters assess compliance and make helpful inferences about health. If the Rx check shows a prescribed medication that is not listed on the application, the underwriter will have an opportunity to question the insured. Prescribed medications are expected to be taken, and taken correctly. Non-compliance can significantly impact an underwriting decision.

Rx checks can also benefit your insured clients. Carriers may consider crediting clients simply for being on prescription health plans. Any savings generated from the utilization of these checks may be passed on to consumers in the forms of more competitive product pricing in the future.

In conclusion, Rx check ordering guidelines differ by carrier. Carriers that utilize Rx checks may consider doing them on every case or only on select cases where they feel it's appropriate – such as when clients report no primary care doctors, at certain ages and face amounts of coverage, or even on simplified-issue business. The ultimate goal of the Rx check is to improve mortality assessment in a cost efficient way.

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