



Exploring Drug Tiers and Exceptions



Most health plans have a list of covered medications called a formulary, that are chosen by a committee made up of doctors and pharmacists. This committee reviews medications based on things like how effective the medications are and their safety. Health plans have the option to change the formulary at any time, even in the middle of a plan year.

The medications on that formulary include brand-name and generic medications that are broken into tiers that connect to how much you must pay for each. Higher tiers are more expensive than lower.

Drug tiers are the way health plans communicate to patients how much a specific prescription drug will cost. Based on the tier a drug is in, it will have specific cost-sharing set by the health insurer. Specialty medications will generally require you to pay a coinsurance (a percentage of the cost) versus a copayment (a specific, set amount).

The part that can be confusing is that drug tiers are not standardized across insurance companies, and even plans offered by the same company are not guaranteed to be the same. The number of tiers can vary by plan. Additionally, not all plans will place the same drugs in the same tiers.

Here is an example of how drug tiers may work

Tier 1 Tier 1 holds the cheapest prescription drugs available to you, typically limited to generic drugs. Generic drugs are just as safe as brand-name drugs. The only difference between the two is the name and the cost savings. Some plans include some cheaper brand-name drugs under Tier 1.

Tier 2 More expensive generic drugs and preferred brand-name drugs occupy this tier. If you must take a brand-name, try to work with your doctor to choose an appropriate one from Tier 2, as they're the most affordable.

Tier 3 Non-preferred and expensive brand-name medications are typically in this tier. Most often, these drugs will leave a significant out-of-pocket to the patient.

Tier 4 This is the most expensive tier, usually occupied only by specialty drugs, such as newly approved drugs. These drugs typically do not have specific copay; instead, you'll pay a percentage of the total cost negotiated between the health plan and the manufacturer of the medication.

But, if you were prescribed a medication that is too expensive for you and it is on a high tier, you or your doctor can request a tier exception from your health plan. This would mean you could obtain a high-tier drug at the lower cost applicable to drugs in a lower tier.

How Do I Request a Tier Exception?

First things first, get your doctor involved. If the medication requires prior authorization, your treating doctor's office will need to submit the authorization before the tier exception can be filed. As well, often specialty medications are ineligible for tier exceptions.

Once you have approval, the first thing to do is to contact your doctor's office to let them know you will need help with a supporting statement. That statement, written by your doctor, should describe how preferred medication(s) (on lower tiers) would not be as effective as the requested drug for treating your condition, if you might have a bad reaction to the preferred medication, or both. There will most likely be forms that need to be filled out, so be sure to call your health plan so they can direct you or send the right form for your doctor to compare.

Once filed, you should hear back quickly on a tier request- normally 24-72 hours. If approved, your medication will be covered at cost-sharing that applies in the lower tier.