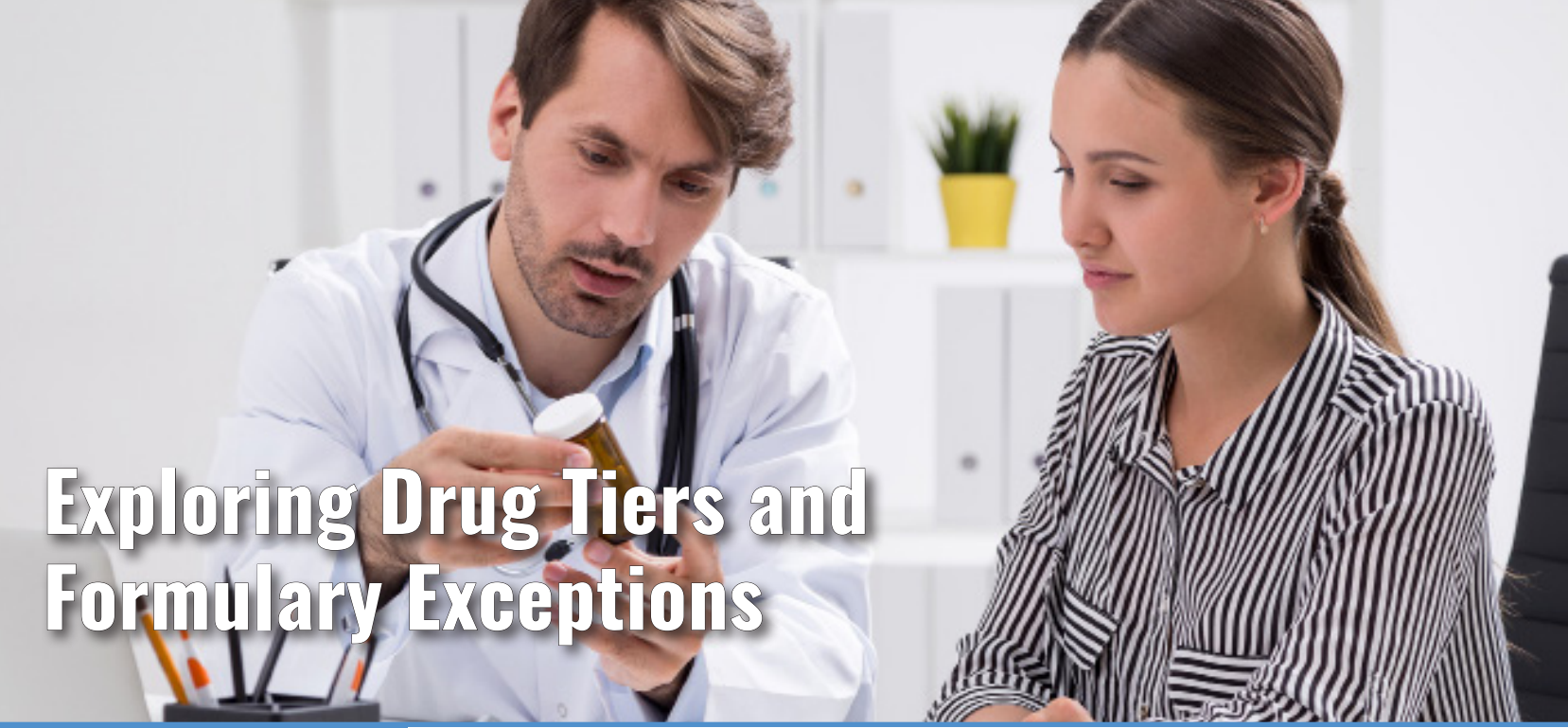

Exploring Drug Tiers and Formulary Exceptions

Drug Tiers and Drug Formularies

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 the formulary include brand-name and generic medications that are sorted into groups that connect to how much you must pay for each.

Insurance refers to these groups as **Tiers**, which help identify medications related to the cost to patients. Higher tiers are more expensive than lower.

Drug Tier Basics

Drug tiers are the way health plans communicate to patients what they can expect a specific prescription will cost. The tier, or level, a medication is listed on is matched with the plan's cost-sharing amounts and determines what you will have to pay at the pharmacy.

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 the same. The number of tiers will vary by plan, typically ranging from 3 - 6 total tiers. Each plan also decides what they want to name their tiers, making it harder to compare plan to plan. Plans and insurers treat medications differently, and it is very common to see the same drugs on different tiers, or different versions of the same medicine on different tiers.

Here is an example of a common structure for a 4-tier formulary.

1 Tier 1 holds the cheapest prescription drugs available and is typically limited to well-known generic drugs. Generic drugs must be just as safe as brand-name drugs. The only difference between the two is the name and the cost savings. Some plans may also include some cheaper brand-name drugs under Tier 1.

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

3 Non-preferred and more expensive brand-name medications are typically in this tier. Most often, these drugs mean a significant out-of-pocket cost to the patient, including coinsurance amounts. Coinsurance means that you pay a percentage of the total negotiated cost, which varies from medicine to medicine and pharmacy to pharmacy.

4 In this example, this is the most expensive tier usually occupied by specialty drugs and newly approved drugs. Most plans will require you to pay a larger percentage as part of the coinsurance. However, this amount will count towards your pharmacy deductible and out-of-pocket max.

X Anything not on the formulary, is considered 'off-formulary", and not covered by your insurance at all. You should expect to pay 100% of the costs of these medications. Uncovered medications do not count towards your deductible or out-of-pocket max.

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 or pharmacy will need to submit the authorization before the tier exception can be requested.

Once you have prior authorization approval, and before you fill the prescription at the pharmacy, speak to your doctor about submitting a request for a tier exception, and confirm that there is no other medication from your formulary that makes sense for your situation.

You Must Work with Your Doctor

Your doctor is your ally when it comes to your health.

Many plans require that your doctor submit a formulary exception on your behalf. The doctor will need to send paperwork, or online forms, indicating the reason that you cannot take the preferred medications and must be approved for one that is not currently on the formulary.

The documentation should describe how preferred medication(s) on lower tiers are better for you. Include specific reasons like the fact that it would not be as effective as the requested drug for treating your condition, you might have a bad reaction to the preferred medication, or both.

Once submitted, your doctor should hear back about your plan's decision within a couple days after the request. If approved, your medication will be covered at cost-sharing that applies in the lower tier.

If your doctor feels that not having the medication could put you in serious harm, an "urgent" or expedited request can be filed, and a decision would be made by your health plan within 24 hours.

Scenarios Where Formulary Exceptions Are Common

- You have an allergy or had a bad reaction to medications on the formulary
- You already tried formulary medications and they did not work with your condition
- Your doctor has decided the medication choices available in the formulary are not appropriate for you and insists that the one that was prescribed is medically necessary
- Your doctor believes the use of a formulary medication may escalate an underlying medical condition
- The medication is actually on the formulary but has restrictions such as a quantity limit or a dosage limit that your doctor believes should not apply to you

If your formulary exception is denied by your health plan, you may have the right to appeal and ask for a reconsideration. You will be sent a letter by your insurer of the final decision. Call your health plan regarding the denial and find out if you have appeal rights, and if so, what the timeline and requirements are for submission.

A Note About New Medications

Medications that just became available will most likely not be added to your plan's formulary immediately after their FDA approval. Plans regularly review new medications and do adjust the formulary throughout the plan year, but it may still be some time before a medication is considered.

If your doctor feels that a brand new drug is the best treatment, you will likely have to submit for prior-authorization and then submit a formulary exception as well in order to access the medication.