

Prescription Drug Cost and Out of Pocket Expense Counseling

Prescription Drug Tiers

All health insurance plans under the Affordable Care Act are legally required to cover a series of essential health benefits, including prescription drugs. This means that your insurance will pay for some prescriptions, but how much (and which drugs) depends on your plan's formulary.

A formulary is a list of medications that your insurance company is willing to cover. Formularies can vary, but most include five tiers, which categorize drugs by how unique and expensive they are. If you know a drug's tier, it's much easier to predict how much you'll pay for it.

- **TIER 1:** Includes *preferred generic* drugs, which are commonly used generic prescriptions (like amoxicillin). These cost you the least when you go to the pharmacy.
- **TIER 2:** Includes *generic* drugs that are a bit more expensive than your Tier 1 drugs.
- **TIER 3:** Includes *preferred brand* drugs, which are lower-priced brand name prescriptions that don't have a generic version. These are your cheapest brand name drugs, but will cost more than generics.
- **TIER 4:** Includes *non-preferred brand* drugs. These are higher-priced brand name drugs that have a generic equivalent. Because less-expensive, generic versions of these drugs are available, you will be expected to pay more for this tier.
- **TIER 5:** Includes *specialty brand* drugs. These prescriptions cost you the most and are used to treat complex conditions like cancer.

Choosing the Right Pharmacy

Because insurance companies contract with certain pharmacies to establish drug costs, where you buy your prescription matters:

- In-network pharmacies are covered by your insurance, so you can fill your prescription here for the standard price set by your health plan.
- Preferred pharmacies are contracted with your insurance company to offer a discount on your prescriptions.
- Out-of-network pharmacies are not covered by your insurance, so you will be responsible for the full cost of your prescriptions if you fill them here.

Making Sure Your Prescription Is Covered

There are a few simple ways to ensure your insurance will cover your prescription:

- Check your insurance company's website. Most health insurance companies have a search tool that lets you see which drugs they cover and how they categorize them.
- Review your SBC. Every health plan has a Summary of Benefits and Coverage (SBC) that explains your covered services, including prescriptions. This is where you can see how much you'll be expected to pay for different drug tiers. You can find your SBC by Googling your health plan name.
- Look over your coverage materials. After you enroll in a health plan, your insurance company will send you materials (usually a pamphlet or handbook of information) that include your plan details; this often includes information on prescription drug coverage.
- Ask your insurance company. If you're still not finding the answers you need, you can always call your insurance carrier to ask specific questions. Make sure you have your insurance card on hand; they'll ask for your plan details.

Paying at the Pharmacy

Ready to finally pick up your prescription? What you will pay at the pharmacy depends on your plan and your drug's tier, but these are the three most common scenarios:

- You pay a copay or coinsurance. Many health plans will only charge you a fixed price or percentage every time you go to the pharmacy, regardless of whether or not you've hit your deductible yet. This is called a copay or coinsurance.
- You pay full-price until you hit your plan's deductible. Every plan has a deductible, which is the amount of money you have to spend before your insurance kicks in. Your plan may make you pay for the full price of your prescription until you hit that deductible, after which you'll only have to cover a copay or coinsurance.
- You pay full-price until you hit your prescription deductible. Certain plans have a separate deductible for prescriptions only. Once you've met that deductible, you will no longer have to pay full price (or anything at all!) for your drugs.

****If you find that you will have to pay full price for your drug, you can check for manufacturer coupon and price compare drugs on websites like: www.GoodRx.com. If you find you are unable to afford the cost of the drug, you may qualify for assistance from the manufacturer. You can apply for this at: www.MedicineAssistanceTool.org.***