



National Employer Initiative on Specialty Drugs

Employer Focused, Employer Driven



Understanding Your Pharmacy Benefits: FAQs

To get the most from the treatment plan developed by you and your doctor, it's important to fully understand your pharmacy benefits. When you know and understand your benefits, you are prepared to ask the right questions and may avoid unnecessary treatment costs.

To get you started, here are answers to frequently asked questions about pharmacy benefits.

What is a drug formulary?

Your drug formulary is a list of the drugs that are covered by your pharmacy benefits plan. If you are prescribed a drug that is not on the formulary, your out-of-pocket costs could be higher, so this is important information to know before you fill a prescription.

Are there any drugs excluded from coverage under my benefits plan?

Some drugs may not be covered by your pharmacy benefits plan. This typically occurs if:

- An equally effective but less costly drug is available
- There is research that proves the drug is not effective in treating your condition
- The FDA has not approved safe use of the drug for your condition
- An effective substitute for the drug is available without a prescription for purchase over-the-counter (OTC)
- The drug is prescribed for purposes not covered under your pharmacy benefits plan

I need prior authorization for my prescription. What does this mean?

There are certain drugs that require prior authorization from the Pharmacy Benefits Manager (PBM) in order to be covered under the benefits plan. In most cases, your doctor will need to contact the PBM directly to provide information about your condition and other medications you may be taking. This prior authorization process helps to ensure that you receive the right medication for your condition at the right time during your course of treatment.

What is step therapy?

For many health conditions, there is more than one drug that can be used for treatment. Step therapy is intended to control costs by prescribing the most cost effective drug treatment first before moving to a costlier and riskier drug therapy, only if necessary. If this drug does not produce the right results, your doctor can “step up” your treatment to one of the higher cost drugs. The step therapy process has been common practice with conventional prescription drugs for years and is now being used with specialty drugs.

Will I have to pay for any portion of my prescription drug cost?

Most pharmacy benefits plans have multiple formulary levels or tiers that determine your out-of-pocket costs for a specific drug or drug category. This may be in the form of a set dollar amount (“copayment”) or a percentage of the total cost of the drug (“coinsurance”).

Many plans include a maximum out-of-pocket cost limit so that your costs do not exceed a certain dollar amount for each prescription you fill. Check your plan design to see if filling the prescription through a mail order option will lower your out-of-pocket costs.

Specialty drugs are usually more expensive than conventional drugs and often fall under a higher cost drug tier, where your out-of-pocket cost is a percentage of total drug cost (coinsurance). Below is an example of what the tiers of a typical drug formulary may look like.

TIER 1	TIER 2	TIER 3	SPECIALTY TIER
Co-pay: \$10	Co-pay: \$35	Co-pay: \$55	30% coinsurance <i>(maximum of \$200 per script)</i>

Employer Note: You may customize this information specific to your company’s pharmacy benefits plan.

Is assistance available if I need it?

If you or a family member has been diagnosed with a complex health condition, there may be options available for support and assistance depending on your specific needs.

Your doctor and other health care professionals can often direct you to resources such as local counseling groups or hospital support teams as well as government-sponsored agencies that can assist you. Your insurance company or PBM may also offer support programs to help you with your questions and needs.

Some pharmaceutical companies offer financial assistance programs to help you pay for the drugs you need, and educational programs or support groups to help you achieve the best possible treatment outcomes. Doctors, pharmacists or case managers can often assist in contacting the pharmaceutical company to determine the types of assistance available and any requirements for enrollment. In addition, information may be obtained online via the web site of a specific drug. Check with your pharmacy benefits plan to see if these assistance programs can be used along with of your benefits plan.

Where can I find out more about my pharmacy benefits plan?

An online SPD (Summary Plan Document) may be available to you on your insurance company, PBM or employer web site. This document typically contains:

- List of drugs on your plan's drug formulary
- List of drugs that require prior authorization or step therapy
- List of coverage exclusions (drugs not covered by your plan)

You can also call your insurance company or PBM for this information. See the back of your ID card for appropriate phone numbers. Taking the time to learn about the specifics of your pharmacy benefits can result in significant cost savings to you, and may even help to avoid delays at the pharmacy and in starting your treatment.