



How to Read Your Medication Formulary



As a plan member, you have the right to view the formulary your medication benefits are based on. The formulary should be organized in a way to show members what is covered and how it's covered. The process is supposed to save money for you and your insurer, but it can feel like a hassle if you don't have all the facts.

Some language that might help to understand your formulary:

Within your plan's formulary, there are criteria often put in place to limit particular medications, like ones that are new or expensive.

- **Prior Authorization:** a restriction placed on certain drugs that require your doctor get approval from your benefit plan before your plan will cover the medication, frequently noted as "PA" on formulary.
- **Quantity Limit:** a coverage limit to how many doses or the strength of a particular dose that you can get of a drug in a period of time, determined by your plan, frequently notes as "QL" on formulary.
- **Step Therapy:** a requirement placed on certain drugs that you first try, or have tried, an alternative medication that also works for your diagnosis. Frequently the others are less expensive and have been determined to be safe and effective. Seen as "ST" on formulary.
- **Tiers:** the categories or levels that covered drugs are sorted into, usually presented in order from lower cost to higher cost. This can help you match the medication to the co-payments and co-insurance listed on your plan so you can estimate your cost easier.

Any medication that is not shown on your formulary list is considered uncovered and not included as part of your insurance benefits.

Are all Drug Formularies the Same?

Short answer: No. And the difference between them can result in thousands of dollars in costs.

Long answer: When crafting a drug formulary, every individual health insurance does it differently. This variety means each health provider's drug formulary is unique.

Some differences that you may run across could be:

- The number of tiers listed will be different, and may range from 3 – 7 in quantity.
- The vocabulary or names for each tier may vary between formularies. Some may simply list the number of the tier, while others may use words to identify each tier, like "Preferred Drugs," "Non-Preferred Generic" or "Specialty Drugs".
- The drugs classified on one formulary as a certain tier may be listed within a more expensive or cheaper tier on another formulary.
- Certain restrictions (step therapy, prior authorization, quantity limits) found on one formulary may be absent from another.
- The way the document is sorted and organized can be different. Since these documents are lengthy, you may have to get familiar with your document before you start. Some will list alphabetically, others will list by diagnosis or use, and some will organize by tier.
- The formularies for different plans from the same insurer may not be the same.

Because drug formularies vary from plan to plan and from insurer to insurer, it is important that you understand the formulary attached to your current plan. And take what you learn to compare potential health plans fully before choosing next year's plan to ensure that it is the best fit for you.



Costly Mistake!

Don't assume that your formulary is the same year to year if you do not change plans.

While each insurance provider has its own style and layout for the drug formulary, the basic elements are similar.