



EMPLOYEE BENEFITS

Prescription Coverage



IVY TECH
COMMUNITY COLLEGE

Understanding Your Prescription Drug Coverage & Tips to Save

Whether you take medication regularly or only occasionally, it is important to understand how your prescription drug coverage works. Knowing what a formulary is and how it works can save you time and money. This topic also highlights practical ways to potentially lower your prescription costs so you can make the most of your benefits.



What is a Formulary?

Formulary is a fancy word that means a list of covered medications. When a medication is on the formulary, that means it is covered under a healthcare plan.

When a medication is not on the formulary, that means it is not covered by the healthcare plan unless you receive a formulary exception. If you choose to fill a medication that is not on the formulary, without an approved exception, any amount you pay is out-of-pocket and will not apply to your deductible.

The formulary also sorts medications into different coverage tiers. How much the plan pays and how much you pay is based on the formulary tier. As the formulary tier increases, the overall cost of the medication increases. When possible, generic medications are a great way to maximize your benefits.

Formulary Tier	CDHP1 and CDHP2	PPO (closed plan)
Preventive Medications (<u>ACA-mandated list</u>)	You pay \$0	You pay \$0
Tier 1: Generics	You pay 100% until your deductible is met	\$10 copay
Tier 2: Brand on Formulary		\$50 copay
Tier 3: Brand off Formulary (with formulary exception)	You pay 20% after your deductible is met until your out-of-pocket maximum is reached	\$100 copay
Tier 4: Specialty		10% copay up to \$200

Common Coverage Rules You Might Encounter

Some medications on the formulary have additional requirements before they're covered. If the requirements aren't met, there is no coverage for the medication under the plan. These requirements can be annoying for patients, but help to ensure medication use meets FDA guidelines, lower-cost medications are used when appropriate and effective, medications continue to be effective for the patient, and waste is reduced.

As a self-insured plan, where the College directly pays health care costs, these requirements are important safeguards to support the long-term sustainability of benefits.

- **Prior Authorization:** your provider must confirm details, including a diagnosis, to ensure the medication is medically necessary for you.
- **Step Therapy:** you may need to try lower cost medications before moving to higher tier, more expensive options.
- **Quantity Limits:** the plan may limit how much of a medication you receive within a certain time frame.



EMPLOYEE BENEFITS

Prescription Coverage



IVY TECH
COMMUNITY COLLEGE

Tips for Managing Your Prescription Costs

1. **Ask about Generics:** A generic medication isn't always an option, but when you can choose a generic, this is the best way to save.
2. **Know Your Formulary Options:** Sometimes multiple medications may be appropriate. Use the [Drug Pricing Tools](#) to check the price on different medications within the same indication.
3. **Manufacturer Programs:** Manufacturers offer patient assistance programs (i.e., needs based programs) and co-pay assistance programs, which are typically open to all. These are most common for branded and specialty medications, and typically integrate seamlessly with your coverage.

You provide the information at the pharmacy when the medication is filled and it lowers your out-of-pocket cost. In most cases, when a program like this helps to pay your out-of-pocket cost, the amount paid by the program still applies to your deductible. Details on programs offered can be found on the website of your medication manufacturer. An internet search of the medication name and "manufacturer assistance" is a great start to finding these programs.

4. **Shop for Better Pricing:** If you do find better pricing through GoodRx or a similar program, you can pay out-of-pocket and then submit a paper claim to have it applied to your deductible or receive reimbursement if you've already met your deductible. You must still *fill the medication through an in-network pharmacy for this benefit.*
5. **Use Your HSA:** Covered medications are eligible expenses for your HSA. Your HSA contribution can be updated at any time. It's a great way to use pre-tax dollars to maximize your benefits.

