

Prescription Medication Costs

Understanding your Formulary

Prescription medication prices are among the fastest growing costs in health care. Using the Formulary — also known as a Prescription Drug List (PDL) — can help you and your doctor make informed decisions about your medications and may help you save money. To help you get the most out of your pharmacy benefit, we've included some of the most commonly asked questions about the Formulary.

What is a Formulary?

A Formulary is a list of medications covered by your plan. The list includes both brand-name and generic prescription medications approved by the Food and Drug Administration (FDA). Medications are listed by common categories or classes and placed in tiers that represent the cost you pay out-of-pocket. This makes it easier for you and your doctor to find other options to help you save money.

What is a tier?

Tiers indicate the amount you pay for your prescription, which is determined by your plan. Tier 1 medications provide the highest overall value with the lowest out-of-pocket costs. Choosing medications in lower tiers may save you money. Ask your doctor if a Tier 1 or Tier 2 option could work for you.

Your Cost	Drug Tier*	What's Covered	Helpful Hints
\$ Lowest	1	Medications that provide the highest overall value. Mostly generic drugs. Some brand drugs may also be included.	Use Tier 1 drugs for the lowest out-of-pocket costs.
\$\$ Mid-range	2	Medications that provide good overall value. A mix of brand-name and generic drugs.	Use Tier 2 drugs, instead of Tier 3 to help reduce your out-of-pocket costs.
\$\$\$ Higher	3	Medications that provide the lowest overall value. Mostly brand drugs, as well as some generics.	Ask your doctor if a Tier 1 or Tier 2 option could work for you.

*Some pharmacy benefits may have more than three tiers

Who decides what medications are covered?

Thousands of medications are already available and more come to the market regularly. Often, several medications are available to treat the same condition.

The OptumRx Pharmacy and Therapeutics Committee, comprised of physicians and pharmacists, meets regularly to provide clinical reviews of all medications. Using this information, the Business Implementation Committee, comprised of physicians and business leaders, meets to evaluate overall health care value. They also determine coverage and tier status for all medications.

How is the overall value of a medication determined?

Many sources and factors are considered, including:

- **Clinical Value:** How safe and effective a medication is compared to other medications used to treat the same or similar medical conditions.
- **Cost:** How much a medication costs compared to other medications used to treat similar medical conditions.
- **Outcomes Data:** Studies that show how a medication may affect total healthcare costs.

Why are certain medications excluded?

We review medications based on their total value, including effectiveness and safety, how much they cost, and the availability of alternative medications to treat the same or similar medical conditions. Certain medications may be excluded from coverage if similar alternatives are available at a lower cost.

Examples include medications with the same active ingredients that work the same way, but one is much more expensive than the other. There are also some instances where the same product can be made by two or more manufacturers, but greatly vary in cost. In these instances, only the lower cost product may be covered.

How often is the Formulary updated?

Formulary changes typically occur twice per year. However, changes that have a positive impact for you — such as new medications or cost savings — may occur at any time. You can log in to **optumrx.com** at any time to check your medication coverage and lower cost options.

Can a medication change tiers?

Yes. Tier changes, although not common, generally occur two times per year. When a medication changes tiers, you may pay more or less for that medication, depending on the tier change. If one of your medications changes tiers, speak with your doctor to determine if a lower cost option may be available for you.

Are there other restrictions on what medications are covered?

Yes. Some medications may have additional requirements or limits depending on your benefit plan. You should review your benefit plan documents to confirm if any of these programs apply to your plan. Examples include:

Prior Authorization (PA)

Requires your doctor to provide information about why you are taking a medication to determine how it may be covered by your plan.

Step Therapy (ST)

Requires you to try one or more other medications before the medication you are requesting may be covered.

Quantity Limits (QL)

Specifies the largest quantity of medication covered per copayment or in a defined period of time.

Specialty Medication (SP)

Specialty medications treat complex or rare conditions and may require special storage and handling. You may be required to obtain these medications from a specialty pharmacy.

Who can I contact if I have questions about my Formulary?



Online — visit **optumrx.com**

Log in to **optumrx.com**. You can look up prices for medications covered by your plan, find lower-cost options and view your benefits in real time. Check your Formulary often for updates.



By phone

Call the toll-free number on your plan ID card to speak with a customer service advocate. We can answer any questions you have about your pharmacy benefit plan including lower-cost options.



OptumRx specializes in the delivery, clinical management and affordability of prescription medications and consumer health products. We are an Optum® company — a leading provider of integrated health services. Learn more at **optum.com**.

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