



What are Drug Tiers?

How much a drug costs depends on what “tier” the drug is on. The plan puts each drug it covers on a tier, or level. Then the plan decides how much you will pay if you use a drug on that tier. Sometimes, this is called your cost-sharing amount.

The cost can be either:

- A fixed amount that you would pay for each level, called a **co-pay**
- A percent of the cost of the drug, called **coinsurance**

In general, your plan's tiered co-pay and coinsurance amounts will only apply until you hit the coverage gap, or "donut hole." In 2012, you will hit the coverage gap when your co-pays or coinsurance, plus the amount the plan has paid for your drugs, equals \$2,930. Then you will begin paying a discounted percentage of your drug costs.

During the coverage gap, you will pay 86% of the cost for **generic** drugs and 50% of the cost for **brand** name drugs. You will also pay a small fee to pharmacy. All plans will have these discounts. You do not need to do anything to get these discounts. The pharmacy will give them to you automatically.

After your **total drug costs** hit \$6,657.50, you will pay 5% or less of the drug cost, and the plan will pay the remaining 95%.

Co-pay

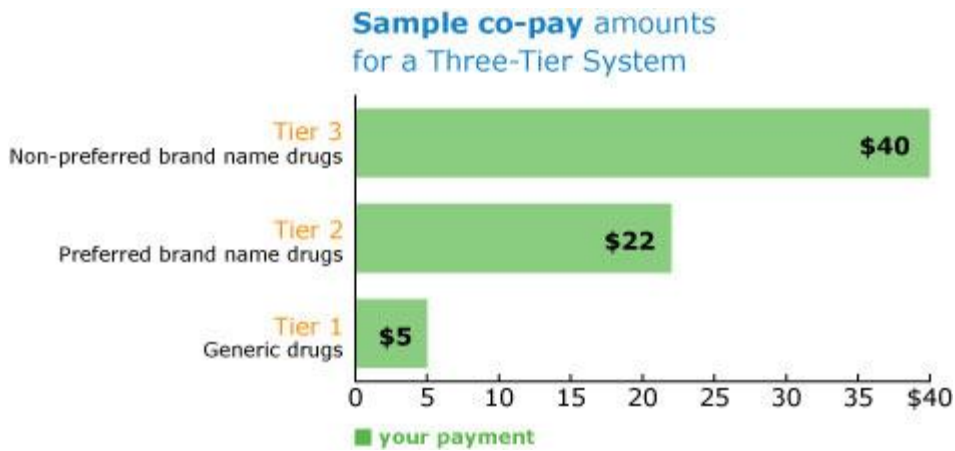
The plan sets a fixed price for all the drugs on each tier. Each plan can tell you how many tiers it has and what the co-pay amount is for each level. The typical Medicare formulary has three or four tiers, but some have more – check with your plan to see how many tiers it has. The drug list will say which tier each drug is on.

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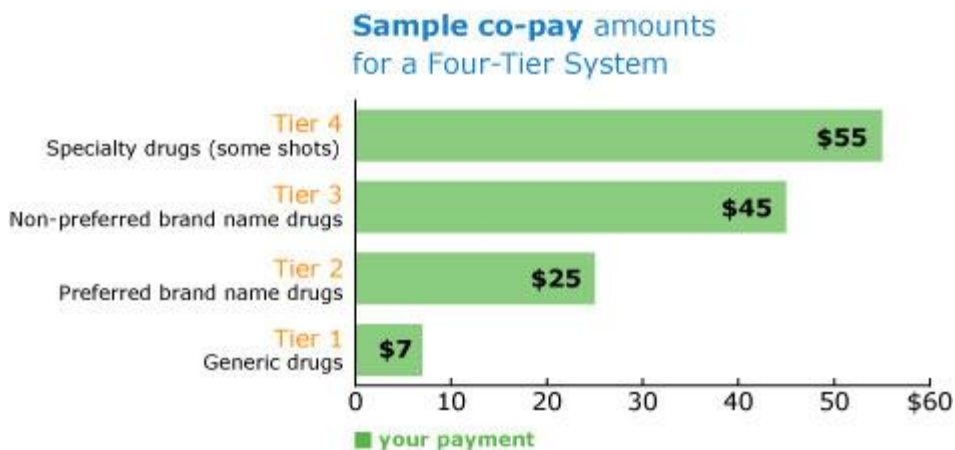


Example 1



What are Drug Tiers?

Example 2



Association of Community Cancer Centers

Last Reviewed 11/10/14

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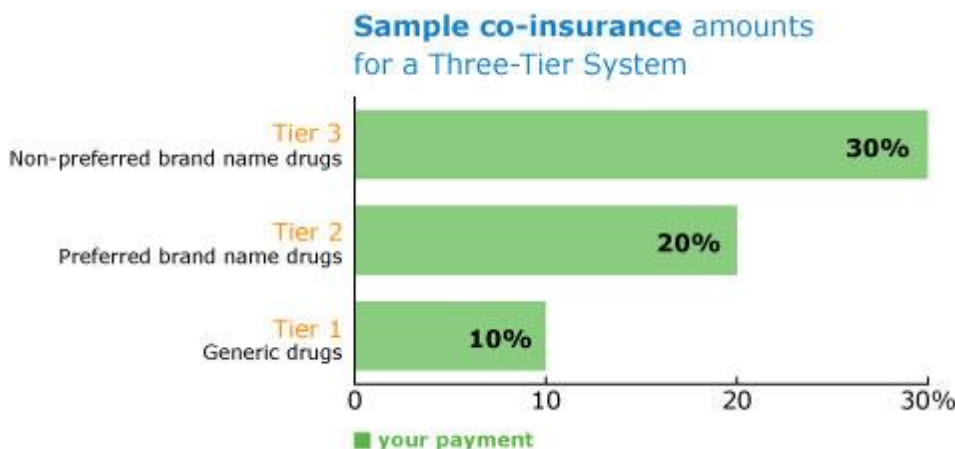
"Preferred drugs" are brand name or generic drugs that the plan believes treat a medical condition as well as other similar drugs. If your drug is "preferred," you will have a lower co-pay or price than if you take a similar, non-preferred drug. You can still use drugs in the "non-preferred" level, but you will have to pay more for them. (You can ask your plan to make an exception and let you pay less for the drug - see [Asking for an exception.](#))

Coinsurance

Coinsurance means that you pay a percentage of your drug's cost. The plan decides what percentage you will pay. You would pay a different percentage for each tier.

The plans give their members a discounted price. You would pay a percentage of that discounted price.

Example 3



Association of Community Cancer Centers

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