



Finances

Quick Guide to Getting & Paying for Prescription Drugs

Prescription drugs can be expensive. Understanding the way your insurance covers your prescription drugs and taking advantage of available resources can help you reduce your costs. There are some other helpful terms to understand about prescription drug coverage.

Types of Prescription Drugs:

- **Brand-name drugs:** a prescription drug with a specific name from the company that sells the drug. At a point in the future, usually after a patent expires, a generic version of a drug may be available and sold by other companies.
- **Generic drugs:** a prescription drug that contains the same chemical substance as a brand-name drug.
- **Specialty drugs:** prescription drugs that have a high cost, high complexity, and/or require a high touch. Many drugs for cancer are considered specialty drugs.

Types of Pharmacies:

There are different types of pharmacies that may be covered by your plan:

- **Retail pharmacies:** generally, a physical location where you go to pick up your prescriptions (e.g., a local pharmacy, CVS, Walgreens).
- **Mail-order pharmacies:** some retail pharmacies also provide mail-order benefits, where you get your prescriptions in the mail. Some health plans require you to get your prescription through a mail-order service if it is an ongoing prescription (e.g., a drug you will be taking for more than 2-3 months).
- **Specialty pharmacies:** a pharmacy that provides specialty drugs.

Insurance Terms:

- **Deductible:** Your deductible is the amount you pay towards prescription drug costs before your insurance company begins to pay their share. This is a fixed dollar amount that you have to pay each year. For example, you might have a \$250 prescription drug deductible. *Note: your drug deductible might be included in your deductible for medical care.
- **Co-payment:** A co-payment is a fixed dollar amount that you pay each time you receive a prescription medication. They vary by plan and type of prescription drug.
- **Co-insurance/Cost-share:** These terms mean the same thing, both referring to the set percentage of prescription drug costs that your insurance pays. Depending on the type of prescription drug, you may have to pay a co-insurance amount rather than a co-payment amount.
- **Out-of-pocket Maximum:** Your out-of-pocket maximum is the maximum amount you will have to pay for your prescription drugs during the year. Usually, everything you pay towards co-payments, deductibles, and co-insurance counts towards your out-of-pocket maximum. *Note: out-of-pocket costs for drugs may be included in the out-of-pocket maximum for your medical care.

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- **In-network vs. Out-of-network:** Most insurance companies have a “network” of pharmacies they have contracted with. Some plans will not cover prescriptions received from an out-of-network provider. Some plans will only count in-network payments toward your out-of-pocket maximum.

Prescription Drug Cost Example:

Noah’s Plan: deductible = \$1,000; co-payment = \$50; co-insurance = 70/30; OOP maximum = \$1,500 If Noah has a prescription for a drug that costs \$10,000, how much does he pay?

- His co-pay of \$50: $\$10,000 - \$50 = \$9,950$ left
- His remaining deductible of \$950: $\$9,950 - \$950 = \$9,000$ left
- His co-insurance amount of 30%: 30% of \$9,000, which equals \$2,700

But his out-of-pocket maximum is only \$1,500. So, after paying the \$50 co-payment and the remaining \$950 of the deductible, he has paid \$1,000 out-of-pocket and only needs to pay another \$500 of the \$2,700 coinsurance amount, to reach his \$1,500 out-of-pocket maximum. His plan will pick up the rest of the costs.

- What does Noah pay next month for his prescription? \$0

Accessing Prescription Drugs:

- **Formulary:** A list of prescription drugs that a health plan will cover and for how much. Understanding and using a plan’s formulary will help you save money on medications. Some plans have formularies with two or more cost levels, known as tiers. The highest tier on most formularies is the “specialty” tier, which includes many cancer drugs. The co-payment and co-insurance amounts will depend on the tier of the prescription drug you are taking. This is a sample of formulary tiers.

Tier	Type of Drug	Sample co-payment or co-insurance amount paid by patient
Tier 1	Cheapest generic drugs	\$5 co-payment per prescription
Tier 2	More expensive generic drugs and preferred brand name drugs	\$25 co-payment per prescription
Tier 3	More expensive and non-preferred brand name drugs	\$100 co-payment per prescription
Tier 4	Specialty drugs and newly approved drugs	20% co-insurance amount per prescription

- **Exception requests:** Generally, if a drug is not on the formulary, the insurance company will not cover it. However, you may be able to file an appeal called an exception request. There are different types of exception requests:
- **Non-formulary drug exception:** a request to cover a non-formulary drug.
- **Tier exception:** a request to treat a drug as if it were in a lower tier, reducing out-of-pocket costs.
- **Brand exception:** a request to cover a higher-cost brand name drug even if a generic is available.

It is important to work with your health care team to show that taking a specific drug is medically necessary for you and why the insurance company should make an exception to their process.

- **Step therapy:** When an insurance company requires patients to try a generic or lower-cost drug before getting a brand-name or more expensive drug. If the lower-cost drug doesn’t work or causes a bad reaction, the patient would be allowed to “step up” to another medicine. If your insurance company uses step therapy, you can file an exception request to try to get access to the drug prescribed by your health care team.

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Prescription Drug Denials:

If your insurance company has denied coverage for a certain prescription, you can appeal. How to appeal depends on the type of coverage you have (e.g., a plan you bought from the Marketplace or an insurance company, a plan through your employer, Medicare, etc.). For more details about how to file an appeal for your type of plan, visit our Cancer Finances Module on Appeals ([TriageCancer.org/Cancer-Finances-Appeal](https://www.triagecancer.org/Cancer-Finances-Appeal)).

Tips on Lowering Prescription Drug Costs:

- Understand how your plan works:
 - Are your drugs on the formulary?
 - Does your plan require you to get pre-authorization before accessing a drug?
 - Do you need to file an exception request?
 - Does your plan require that you get your drugs from an in-network pharmacy?
 - Does your plan charge you less if you use a mail-order pharmacy?
- Understand your state's laws:
 - Does your state have a limit on the out-of-pocket costs for specific types of drugs (e.g., oral chemotherapy parity laws)? Visit Triage Cancer's Charts of State Laws ([TriageHealth.org/StateLaws](https://www.triagehealth.org/StateLaws)) to learn more.
 - Does your state have a State Pharmaceutical Assistance Program (SPAP) ([medicare.gov/node/25226#/pharmaceutical-assistance-program/states](https://www.medicare.gov/node/25226#/pharmaceutical-assistance-program/states))?

Resources to Help Pay for Prescription Drugs:

If you are struggling to afford your prescription drugs, there may be programs and options that can help.

Are there drug discount cards or programs that can help lower your out-of-pocket costs?

- Drug discount cards may allow you to pay a lower co-payment for a prescription, than what you would pay if you used your insurance plan to pay for the drug. Usually, there are no eligibility requirements to use these cards. For example, Triage Cancer has a partnership with NeedyMeds to offer a drug discount card ([TriageHealth.org/DrugDiscountCard](https://www.triagehealth.org/DrugDiscountCard)).
- You can also research the best possible price for your prescription drugs in your local area on websites such as GoodRx. Different pharmacies may charge different prices for drugs. You can ask if your pharmacy will match the price of another pharmacy.



Are there private financial assistance programs in the health care community?

Private organizations may provide financial help to individuals with medical conditions, such as cancer:

- NeedyMeds: Provides prescription drug assistance and a free drug discount card that can be used at your local drugstore. ([needymeds.org](https://www.needymeds.org))
- Healthwell Foundation: Provides financial assistance with health insurance premiums, deductibles, co-pays, co-insurance, travel costs, and treatment costs. ([healthwellfoundation.org/patients/apply](https://www.healthwellfoundation.org/patients/apply))
- Patient Advocate Foundation (PAF): Provides direct financial assistance for prescription drug co-pays, co-insurance, and cost-sharing through its Co-Pay Relief Program (CPR) and TotalAssist Program. ([patientadvocate.org](https://www.patientadvocate.org))
- To learn more about these financial assistance resources and others, see Triage Cancer's Financial Assistance Resources Module ([TriageCancer.org/Cancer-Finances-Financial-Assistance](https://www.triagecancer.org/Cancer-Finances-Financial-Assistance)).

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Are there pharmaceutical company assistance programs?

Some pharmaceutical companies that make prescription drugs have programs for patients, such as coupons, discount cards, vouchers, and more. Uninsured patients may be eligible for free medications. Learn more at Triage Cancer's Module Managing on Prescription Drug Costs ([TriageCancer.org/cancer-finances-prescription-drugs](https://www.triagecancer.org/cancer-finances-prescription-drugs)).

Are there other ways to access financial help?

- Local service organizations (e.g., Salvation Army, Rotary Club, Lion's Club, Kiwanis, etc.) and faith-based organizations (e.g., churches, synagogues, mosques, etc.) may offer some financial help.
- **Crowdfunding:** Asking people to donate money using an online platform can be an effective way to pay for expenses. To learn more, download Triage Health's Quick Guide to Crowdfunding ([TriageHealth.org/QuickGuide-Crowdfunding](https://www.triagehealth.org/QuickGuide-Crowdfunding)).

For information about other strategies for managing finances after a medical diagnosis, see our Navigating Finances Materials & Resources ([TriageHealth.org/NavigatingFinances](https://www.triagehealth.org/NavigatingFinances)) and visit [CancerFinances.org](https://www.CancerFinances.org).

Triage Health Tools to Help You Pick a Health Insurance Plan

Health Insurance Comparison Worksheet: [TriageHealth.org/Worksheet-HealthInsurance](https://www.triagehealth.org/Worksheet-HealthInsurance)

For more information about health insurance:
[TriageHealth.org/HealthInsurance](https://www.triagehealth.org/HealthInsurance)



Triage Health also offers a series of animated videos that describe key issues that people need to understand to effectively navigate health-related legal and practical issues, as well as manage the financial burden of a chronic or serious medical condition.

These videos cover topics related to health insurance, employment, disability insurance, estate planning, and more.

Watch the videos at: [TriageHealth.org/Animated-Videos](https://www.triagehealth.org/Animated-Videos)

TRIAGE
CANCER
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HEALTH

Health Insurance
Comparison Worksheet

This worksheet will help you compare different health insurance plan options. You can use this worksheet to compare different options your employer gives you, you can compare different plans sold in the State Health Insurance Marketplace, and you can compare your employer plans to what is available in the Marketplace.

Health Insurance Terms to Understand

Monthly premium: what you pay each month to have health insurance coverage – you pay these costs even if you never get medical care.

Annual deductible: the amount you have to pay out-of-pocket each year, before your health insurance policy kicks in.

Co-payment: a fixed dollar amount you pay each time you get certain types of medical care (e.g., office visit).

Co-insurance (aka cost-share): a percentage difference in what the insurance company pays for your medical expenses and what you pay.

Out-of-pocket maximum: a fixed dollar amount that is the most that you will have to pay for your medical expenses out-of-pocket during the year (e.g., plan pays 80% / you pay 20%). Once you reach your out-of-pocket maximum, your insurance pays 100% of your medical expenses for the rest of the year. Most insurance companies only count expenses towards the out-of-pocket maximum that are from in-network providers. Marketplace plans have out-of-pocket maximums that include co-payments, deductibles, co-insurance, and out-of-pocket prescription drug costs. Some employer plans may carve out deductibles from the plan's out-of-pocket maximum. They may also have a separate out-of-pocket maximum and/or deductible for prescription drug costs.

Additional Resources

Quick Guide to Health Insurance Basics – [TriageCancer.org/QuickGuide-HealthInsuranceBasics](https://www.triagecancer.org/QuickGuide-HealthInsuranceBasics)

Quick Guide to Health Insurance Options – [TriageCancer.org/QuickGuide-HealthInsuranceOptions](https://www.triagecancer.org/QuickGuide-HealthInsuranceOptions)

Quick Guide to State Health Insurance Marketplaces – [TriageCancer.org/QuickGuide-Marketplaces](https://www.triagecancer.org/QuickGuide-Marketplaces)

About the Plans

Option #1			Option #2		
Type of Plan	Plan Type		Type of Plan	Plan Type	
☐ Employer	☐ HMO		☐ Employer	☐ HMO	
☐ Marketplace	☐ PPO		☐ Marketplace	☐ PPO	
☐ Other	☐ EPO/Other		☐ Other	☐ EPO/Other	
Insurance Company Name:			Insurance Company Name:		
Plan Name:			Plan Name:		
Is my primary care physician in the plan's network?	Are my hospitals and specialists (e.g., oncologist, surgeon, etc.) in the plan's network?	Are the prescription drugs I take covered by the plan?	Is my primary care physician in the plan's network?	Are my hospitals and specialists (e.g., oncologist, surgeon, etc.) in the plan's network?	Are the prescription drugs I take covered by the plan?
☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No ☐ Only Some	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No ☐ Only Some

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