

Understanding Drug Copays

Dear Patient:

Sometimes it is necessary for us to write a prescription – or several prescriptions – as part of your treatment plan. Most health plans have requirements that you share at least part of the price of the prescription drugs you purchase – a requirement known as a pharmaceutical “copay”.

Now many plans are requiring that you pay more for some drugs than you do for others. Why is this?

In order to hold down costs, insurance companies are encouraging everyone to use lower-priced but still effective and safe alternative medications. One tool they use is known as the “**three-tier copay**”. Here’s how it works:

In many plans, **Tier One** is reserved for generics – drugs that are no longer covered by patents and therefore, may be produced and/or distributed by many firms. The competition brings down the average price of such drugs, which is why your copay is less than for the brand-name version of the same drug (one that’s manufactured and sold exclusively by one firm).

When there’s no generic equivalent or no safe one available, insurers prefer that we choose a **Tier Two** medication. These are typically brand-name drugs that offer a cost-effective, therapeutically equivalent alternative to a higher-priced medication in the same category. For this reason, health plans place them on a “formulary” or preferred-drug list. In some instances, plans may have contracted with a drug company for lower prices on a particular drug in a given treatment category, and that’s why it’s on the formulary. Your copay for a drug on this list will be higher than for a generic, but less than for a drug that isn’t on the list.

In most instances, we will be happy to work within your drug plan’s formulary. Sometimes, though, a drug may be too new to be included on the formulary, or may work better for your particular condition than any formulary drug in the same category. At such times, the best course of treatment for you may well be a **Tier Three**, nonformulary medication. Unfortunately, you’ll end up with a larger copay – and we may even be called upon to justify our decision to your health plan.

To keep better pace with rising costs, some health plans have begun to replace fixed-dollar copays with percentage copays. If your plan is one of them, you’ll pay an increasingly larger percentage of the total cost of your prescription as you move from generics, to preferred drugs, to nonpreferred drugs.

Naturally, we will do all we can to control your drug costs. But our first responsibility is to your health and safety. Please let us know if we can be of any assistance in this area.

Sincerely,

The Physicians of Women Gynecology & Childbirth Associates, P.C.