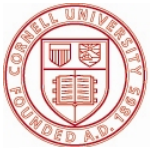


# MEDICARE PART D RESEARCH FACTS

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Cornell University  
College of Human Ecology

**CUR<sub>x</sub>ED**

Cornell University Resource Education  
for Medicare Part D

## FACT OR FALLACY ?

All Medicare Part D Plans cover the same medications but at different prices.

## FORMULARY MANAGEMENT

In its most basic sense, a formulary is a listing of drugs that are covered by an insurance plan. In a more comprehensive approach, a formulary also includes the rules for utilizing those medications, including any restrictions, limitations, and cost tiers.

Medicare Part D does not utilize one standard drug formulary with one set of rules for obtaining medications. Instead, there are a variety of Prescription Drug Plans (PDP) offered by competing private insurance companies and each PDP is allowed to establish its own formulary.

All formularies must be reviewed by the plan's Pharmacy and Therapeutics Committee, the majority of whose members must be Physicians and Pharmacists. CMS regulations require that each PDP includes a minimum of two drugs from each of 203 different therapeutic classifications.

In addition, each PDP is required to carry "all or substantially all" of the drugs in six specific categories: Anticonvulsants, Antiretrovirals (HIV/AIDS), Immunosuppressants, Antidepressants, Antipsychotics, and Antineoplastics (cancer). "All or substantially all" includes all those drugs approved for use by the FDA but does not include special dosage forms such as time release preparations or combination drugs if they are on the formulary in some other manner.

Formulary changes are allowed after March 1<sup>st</sup> of each year, provided 60 days advance notice is

provided. Changes may include moving the medication to a higher or lower tier, adding utilization tools, or dropping the medication from coverage altogether.

Enrollees currently taking a drug affected by a formulary change will be exempt from the change for the remainder of the plan year. The 60 day notice may be waived if there are extraordinary circumstances, such as when a medication is removed from the market, for example.

Medicare beneficiaries have many different plans to choose from, and each has a different formulary, each with a different set of covered medications. With this flexibility, beneficiaries enjoy a greater amount of choice but also experience a greater amount of confusion.

In addition to considering the financial impact of a given plan, individuals when asked to choose a plan, and those who have had a plan chosen for them, should carefully determine if all of their drugs are fully covered by the plan and what type of management tools are attached to those medications.



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