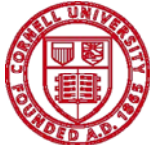


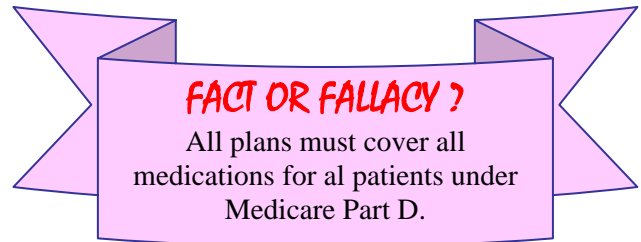
# MEDICARE PART D RESEARCH FACTS

Volume 1 Number 6



## CUR<sub>x</sub>ED

**Cornell University Resource Education  
for Medicare Part D  
COLLEGE OF HUMAN ECOLOGY**



### COVERING IT ALL UP

Each Medicare Part D insurance plan is allowed to design its own unique formulary. This formulary is not only a listing of the medications which the plan will cover but also the rules that are applied to that coverage.

Across plans, there are substantial differences in whether drugs are placed on a formulary at all, and, if placed on the formulary, what treatment is given to that particular drug. Various cost sharing and utilization management tools are used by the insurance company to not only ensure appropriate clinical use of the drug but to also control expenditures.

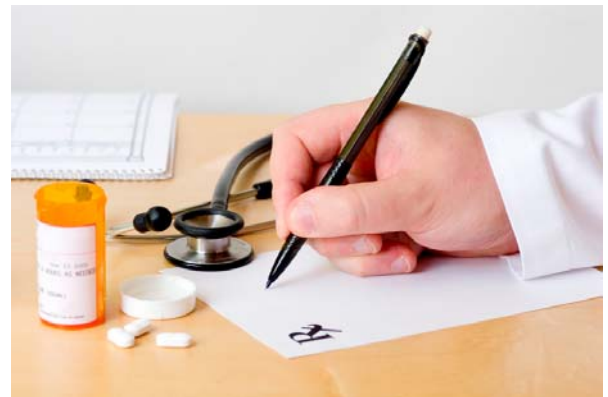
The most commonly used cost sharing arrangement is a three-tiered system with co-pays that may be typically about \$5, \$25, and \$53, for example, for generic, preferred brand, and non-preferred brand medications. Some plans may also have a separate tier for “specialty” drugs or “biotechnology” drugs. In 2007, regulations restricted the placement of medications into the specialty tier to those with a cost greater than \$500. Plans have been noted to use as many as 7 different tiers.

Guidelines have been issued by CMS which ensure that the plans do not exclude coverage of drugs used in a particular therapeutic area, and thus discriminate against that patient

population. Plans must cover a minimum of two drugs in each drug category and at least one of each key drug type. Furthermore, plans are required to include on their formularies all drugs in six specific drug classes: immune suppressants, antidepressants, antipsychotics, antineoplastics, antiretrovirals, and anticonvulsants.

Plans are also allowed to design a classification system different from the one CMS has used and are allowed to request exceptions to these coverage requirements. It is unknown to what extent this has been used.

CMS has tried to ensure that there is coverage of medications across all types of drugs in all plans. However, the system does not restrict the prices charged by the plans.



**CUR<sub>x</sub>ED** Cornell University Resource Education for Medicare Part D

[www.CURxED.human.cornell.edu/](http://www.CURxED.human.cornell.edu/)

email: [CURxED@cornell.edu](mailto:CURxED@cornell.edu)

*This material is based upon work supported by a grant from the Dean of the College of Human Ecology and Smith Lever funds from the Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.*