

# Questions and Answers about Drug Formularies

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Q: What is a drug formulary?

A: Many health plans—particularly HMOs—have formularies. Essentially it is a list of drugs from which your doctor can prescribe. If your doctor prescribes a drug not on the formulary then your plan will not cover it unless your doctor gets a medical exception.

Q: Why do some plans have formularies?

A: The main reason is to save money. What Pharmacy Benefit Managers (the companies that administer your prescription drug benefit) do is to first review all the drugs in a particular therapeutic treatment class. Any drugs that are not effective or dangerous will be weeded out. Of those drugs that are considered equally effective the PBM then decides that it may only have 3 of the 5 drugs in that class on its list. The main reason it does this is to put itself in the position of being able to negotiate the best possible price. It knows if it can go to the 5 drug manufacturers and say it will limit the number of drugs on its list to 3, it will get a deeper discount for the drug. This stirs up competition among the drug manufacturers.

Q: So this means I have to make sure my doctor prescribes a drug from my plans formulary?

A: Yes. And under Ohio law all enrollees must receive annually a list of the drugs on their plan's formulary. It makes good sense to take this list with you whenever you visit a doctor to make sure you are getting a formulary drug.

Q: What if I tried the drugs on the formulary and they just were not as effective as a drug not on the formulary, is there anyway I can get the drug not on the formulary?

A: Generally yes. Your doctor simply has to call to get a medical exception. In nearly all cases the exception is approved.

Q: Aren't there drug plans that allow people to get drugs that are not on the formulary but at a higher co-pay?

A: Yes some plans allow you to get non-formulary drugs either by paying a higher co-pay or by paying the difference between the formulary cost and the non-formulary drug. In these cases no medical exception is needed, you just pay more for the drug.

Q: Is it true that the union is looking at adding a formulary to the Ohio Med PPO? And if so why?

A: The Joint Health Care Committee is exploring all avenues to reduce premium increases. Because premiums are rising so rapidly—doubling every 5 years—the state has indicated it wants the employees to pay 20% of the health care premium. Some members have suggested that we should look at all cost savings measures that might enable us to keep the premium split at 90/10. Since formularies can reduce the overall cost of premiums significantly the JHCC is taking a look at formularies as a potential benefit plan design change.