

What is a Formulary?

A formulary is a list of drugs covered by your prescription plan. This list is made by doctors and pharmacists after reviewing clinical studies. They look at which drugs are most safe and effective, and maximize cost savings. The formulary has a range of generic and brand-name drugs (see below for descriptions) that have been approved by the US Food and Drug Administration (FDA). The formulary applies to prescription drugs that are dispensed in retail pharmacies and those delivered to your home through a mail order pharmacy. If a drug is not on our formulary, it may have one or more FDA-approved alternatives that are covered by your prescription plan.

Generic Drugs

The FDA approves both brand-name and generic drugs. Generic drugs have the same active ingredients, dosage form and strength, and must be absorbed in the body the same way as brand-name drugs.

Generic drugs can be classified as single-source or multiple-source.

Single Source Generics

These include brand-name drugs that are going off patent and a single manufacturer has exclusive rights to make the drug for a period of time.

Multiple Source Generics

These drugs are defined by the Centers for Medicare and Medicaid Services (CMS) as products with three or more versions of the product related therapeutically equal (A-rated) no matter what the ratings of other versions (B-rated) and at least three suppliers are listed in the current editions of published national compendia.

Brand-Name Drugs

A brand name is the trade name under which the drug is advertised and sold. A new drug is protected by a patent, so only one manufacturer can make it. For this reason, brand-name drugs most often cost more than generic drugs. Once a patent runs out, other companies may make a generic equal.

Copayments

A copayment is the out-of-pocket amount a member has to pay the retail pharmacy or to the mail order pharmacy for home delivery. The member pays one copayment per prescription. This fee is most often less than the actual price of the prescription and can vary based on the type of drug and the member's benefits. Usually, generic drugs have a lower copayment than brand-name drugs. If the price of the prescription is less than the copayment, then the member will pay the lower price.

Tiered Copayment

To give quality and affordable drug coverage, most EmblemHealth drug programs have a three-tiered drug formulary benefit. The three tiers, with different levels of coverage are:

Tier 1: Generic Drugs — Generic drugs have the lowest copayment.

Tier 2: Formulary or Preferred Brand-Name Drugs — Brand-name drugs have higher copayments than generic drugs.

Tier 3: Non-Formulary or Non-Preferred Brand-Name Drugs — These are drugs for which there may be a similar generic drug or preferred brand-name drug on hand. You will pay more for these drugs.

Please note: Some plans include multiple source generic drugs in Tier 1 and single source generics in Tier 2.