

Why Do Prescription Drug Costs Change?



Amplicare

Your drug costs might have changed for various reasons. These are the most common:

You've moved to the next phase of coverage.

Medicare Part D has 4 phases of coverage: Deductible, Initial, Gap/Donut Hole, and Catastrophic Phase. If your drug costs hit certain thresholds, you move to the next phase. Often, your copays are different in each phase, with the Deductible and Donut Hole phases being (usually) the more expensive months. Coverage phases are easily identified using iMedicare; ask your pharmacist if you'd like to dive in further.

Drug formulary changes.

Insurance companies create formularies (lists, basically) for how much each medication should cost. Usually, inexpensive drugs are "Tier 1" – the cheapest formulary tier. If a drug is now much cheaper than it used to be, your plan might have moved it from, say, Tier 4 to Tier 3. If it's more expensive, they might have bumped your medication up a tier. Even worse, insurance companies can elect to not cover certain drugs. This is one reason annual Part D Plan Comparisons are highly recommended.

Full cost drug changes.

Some plans have fixed copays while others use percentage-based co-insurance.

Example Plan 1	Example Plan 2
Tier 1 Drugs: \$4	Tier 1 Drugs: 20% full cost of drug
Tier 2 Drugs: \$25	Tier 2 Drugs: 20% full cost of drug
etc.	etc.

If the full cost of a medication goes up or down, your copay on Plan 1 doesn't change. If the full cost changes and you're on Plan 2 though, your copay adjusts accordingly.

Throughout the year, drug shortages are common reason for a prescription's price hike. If fewer manufacturers make a drug, the demand for the product increases. Shortages and reductions in supply can trigger sudden price changes or may affect how insurance companies categorize a drug on their formulary list (see above). Since insurance companies and manufacturers control changing drug prices, it can be difficult for patients and pharmacists to grab insight into when pricing changes may occur! While this can be frustrating, your local pharmacy has the ability to search for cheaper therapeutic alternatives if your prescription costs were to change at any point during the year.