An official website of the United States government Here's how you know

How do drug plans work?

All plans must cover a wide range of drugs that people with Medicare take to help make sure that people with different medical conditions can get the prescription drugs they need.
Find out which plans cover your drugs.

Drug lists (formularies)

A plan's list of covered drugs is called a "formulary." A plan's drug list can include both brand-name drugs and generic drugs, as well as original biological products and biosimilars. Each drug list includes at least 2 drugs in the most commonly prescribed categories and classes, but plans can choose which drugs they'll offer.

All plans must include most drugs in certain protected classes on their drug list. The protected classes include:

- Cancer drugs
- HIV/AIDS drugs
- Antidepressants
- Antipsychotics
- Anticonvulsants
- Immunosuppressants for organ transplants

Your plan's drug list (formulary) might not include a specific drug. However, in most cases, a similar drug should be available. If you or your prescriber believes none of the drugs on your plan's drug list will work for your condition, you can ask for an exception. An exception is when a drug plan decides to cover a drug that's not on its drug list, or to waive a coverage rule. A tiering exception is when a drug plan decides to charge a lower amount for a drug that's on its non-preferred drug tier ("Tiers" are described below.). You or your prescriber must request an exception, and your doctor or other prescriber must provide a supporting statement explaining the medical reason for the exception.

A Medicare drug plan can make changes to its drug list during the year under guidelines set by Medicare. Your plan may change its drug list during the year when drug therapies change, new drugs are released, or new medical information becomes available.
When can my plan change its drug list (formulary)?

> Your plan's coinsurance may increase for a particular drug when the manufacturer raises the price. Your copayment or coinsurance may also increase if you continue to take a brand name drug or original biological product after your plan adds a generic or biosimilar form of a drug to the drug list (formulary) and moves the brand name drug or original biological product to a higher cost-sharing tier.

Tiers

To lower costs, many plans place drugs into different "tiers" or levels on their drug lists. Each plan can divide its tiers in different ways. Generally, a drug in a lower tier will cost you less than a drug in a higher tier.

> Example of a Medicare drug plan's tiers (your plan's tiers may be different):
>
> - Tier 1—lowest copayment: most generic prescription drugs
> - Tier 2—medium copayment: preferred, brand-name prescription drugs
> - Tier 3—higher copayment: non-preferred, brand-name prescription drugs
> - Specialty tier—highest copayment: very high-cost prescription drugs

In some cases, if your drug is in a higher tier and your prescriber thinks you need that drug instead of a similar drug in a lower tier, you or your prescriber can ask your plan for an exception to get a lower coinsurance or copayment for the drug in the higher tier. **Plans can change their drug list at any time**. Your plan must notify you of any changes to their drug list that affect drugs you're taking.

Tip: If you take a lot of generic prescriptions, consider looking at Medicare plans with tiers that charge no, or a low copayment for generic prescriptions.

Brand-name drugs & generic drugs

Both brand-name and generic drugs must be approved by the Food and Drug Administration (FDA) before they can be prescribed to people. Brand-name drugs are marketed under exclusive, trademark-protected names and are protected by patents. When those patents run out, other companies will often produce generic versions that use the same active ingredients.

We negotiate prices for certain brand-name drugs

Medicare is negotiating the price of certain expensive brand-name Medicare Part B and Part D drugs that don't have competition. More brand-name drugs get added to the negotiations every year.
What drug prices have been, or are being, negotiated?

> Prices for the initial 10 drugs that Medicare negotiated with participating drug companies will take effect on January 1, 2026. Contact your plan for details on how these negotiated prices will affect you.

What are generic drugs?

Generic drugs are copies of brand-name drugs and are the same as those brand-name drugs in:

- Dosage form
- How it's taken
- Intended use
- Performance characteristics
- Quality
- Safety
- Strength

Generic drug makers must prove to the FDA that their product works the same way as the brand-name drug. In some cases, there may not be a generic version of the exact brand-name drug you take, but there may be another generic drug that will work for you. You may save money by using generic drugs instead of brand-name drugs. Talk to your provider to find out if a generic version of a drug would work for you.

Biological products & biosimilars

A biological product is a prescription drug that is made from natural and living sources like animal cells, plant cells, bacteria, or yeast.

A biosimilar is a biological product that must be highly similar to and have no clinically meaningful differences from the original biological product in terms of safety and effectiveness. An interchangeable biosimilar may be substituted for the original biological product at the pharmacy without a new prescription, subject to state laws.

Tip: You may save money by using biosimilars instead of original biological products. Talk to your provider to find out if a biosimilar version of a biological product would work for you.

Part D & limited drug coverage under other parts of Medicare

Medicare Part B (Medical Insurance) covers a limited number of outpatient prescription drugs under certain conditions. Usually, Part B covers drugs you wouldn't typically give to yourself, like those you get at a doctor's office or in a hospital outpatient setting.

Medicare drug coverage (Part D) covers drugs Part B doesn't cover. If you join a plan with Medicare drug coverage, check your plan's drug list (formulary) to find out what outpatient drugs your plan covers. Learn more about outpatient drug coverage.

> **Coming soon: More access to GLP-1 drugs**

> Starting July 1, 2026, Medicare will provide access to certain GLP-1 drugs to help you lose weight if you're eligible and have Medicare Part D coverage. You'll pay a $50 copayment for a monthly supply of GLP-1 drugs.

Drugs you get in a hospital or Skilled Nursing Facility (SNF)

Generally, drugs you get in a hospital or SNF are covered by Medicare Part A (Hospital Insurance) as part of your inpatient treatment during a covered stay.

Drugs you get in a nursing home or other institution

If you have drug coverage and live in a nursing home or other long-term care facility, you'll get your covered drugs from a long-term care pharmacy that works with your plan. This long-term care pharmacy usually contracts with (or is owned and operated by) your facility. Learn more about care and drugs in a nursing home or other institution.

Drugs you get in hospital outpatient settings

- In most cases, Medicare Part B (Medical Insurance) doesn't cover the drugs you get in a hospital outpatient setting (like an emergency department or during observation services). These are sometimes called "self-administered drugs" that you would normally take on your own.
- Your Medicare drug coverage may cover drugs you get in a hospital outpatient setting under certain circumstances. You'll likely need to pay out-of-pocket for these drugs and then file a claim to your drug plan for a refund. Contact your drug plan to find out how to file a claim.

End-Stage Renal Disease (ESRD) drugs

- If you have End-Stage Renal Disease (ESRD), Medicare Part B (Medical Insurance) will pay for some of the drugs you need, like injectable drugs and their oral forms, and biologicals including erythropoiesis stimulating agents used for dialysis.
- Your Medicare drug coverage will cover most ESRD-related drugs that are available only in oral form. Get more information about ESRD coverage.

Vaccine coverage

- Medicare Part B (Medical Insurance) covers certain vaccines (like COVID-19, flu, hepatitis B and pneumococcal vaccines).
- Medicare drug coverage must cover all commercially available vaccines (like shingles, RSV, tetanus, diphtheria, and pertussis) when medically necessary to prevent illness. You pay nothing out of pocket for Part D adult vaccines recommended by the Advisory Committee on Immunization Practices.

What do you want to do next:

- **Next step:** Understand what pharmacies you can use
- **More details:** Learn about safety checks, drug management programs, and Medication Therapy Management
- **Take action:** Find out which plans cover your drugs

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Next Step

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