



ELSEVIER

Clinical Solutions
Drug Pricing
PRICING POLICIES

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Pricing Policies

Reported Prices

Elsevier offers several price types as they are directly reported from the product marketing firms, government agencies or private entities. These reported price types include:

- Affordable Care Act – Federal Upper Limit (ACA-FUL)
- Affordable Care Act – Weighted-Average Manufacturer Price (ACA-W-AMP)
- Average Actual Acquisition Cost (AAC)
- Average Sales Price (ASP)
- Average Wholesale Price (AWP)
- CMS Federal Upper Limit (CMS-FUL) – *end-dated March 31, 2016*
- Direct Price (DP)
- Federal Supply Schedule (FSS)
- Maximum Allowable Cost (MAC)
- National Average Drug Acquisition Cost (NADAC)
- Predictive Acquisition Cost (PAC)
- Wholesale Acquisition Cost (WAC)

- **Affordable Care Act – Federal Upper Limit (ACA-FUL):**

Elsevier publishes the CMS Federal Upper Limit prices as they are reported by the Centers for Medicare and Medicaid Services.

ACA-FUL is applied to all NDCs within the Specific Drug Product (SDP)

- **Affordable Care Act – Weighted-Average Manufacturer Price (ACA-W-AMP):**

Elsevier publishes the ACA-W-AMP prices as they are reported by the Centers for Medicare and Medicaid Services.

- **Average Actual Acquisition Cost (AAC):**

The state-defined reimbursement limit for Medicaid reimbursed drugs based on the state established average cost. States utilizing AAC have their own price list. Note that not all states report an AAC. Furthermore, while states use various terminology to represent AAC, Elsevier uses the CMS terminology.

Elsevier publishes both a brand and a generic AAC when reported by each state.

- **Average Sales Price (ASP):**

Elsevier publishes the CMS Average Sales Price (ASP) as they are reported by the Centers for Medicare and Medicaid Services. ASP is reported along with the CMS Billing Unit at the NDC level in a separate pricing file.

- **Average Wholesale Price (AWP):**

AWP is supplied for all packages in which the marketing firm reports a suggested average wholesale price.

The AWP reported by Elsevier is not intended to represent actual transaction prices and does not include prompt pay or other discounts, rebates or reductions in price.

Elsevier does not perform any independent investigation or analysis of actual transaction prices for purposes of reporting AWP. AWP will change only as a function of a reported price change by the marketing firm.

As Elsevier does not require pricing for a product to be listed, it is acceptable for the AWP field to be zero.

- **CMS Federal Upper Limit Price (CMS-FUL):**

Elsevier publishes the CMS Federal Upper Limit prices as they are reported by the Centers for Medicare and Medicaid Services.



Note: Effective 31 March 2016, Elsevier end-dated the CMS-FUL.

- **Direct Price (DP):**

Direct price is defined as the list price for a drug or biological to non-wholesaler customers, not including prompt pay or other discounts, rebates or reductions in price.

Direct price is populated for those manufacturers that sell direct and report a Direct Price for their products.

Elsevier publishes the DP as it is directly reported to Elsevier by the product's marketing firm.

- **Federal Supply Schedule (FSS):**

The US Department of Veterans Affairs publishes FSS and FSS Big 4 pricing for pharmaceutical products.

FSS pricing is the multiple-award, multi-year federal contract which satisfies all federal contract laws and regulations, based on vendors' business with commercial customers.

FSS Big 4 pricing is only available to VA, Department of Defense, Public Health Service (Indian Health Service), and U.S. Coast guard customers. While FSS dual prices are negotiated for Other Government Agencies that comprise the remaining authorized users of the FSS program.

Elsevier publishes the FSS and FSS Big 4 prices as posted on the VA National Acquisition Center (NAC) web site.

- **Maximum Allowable Cost (MAC):**

The state-defined reimbursement limit for multi-source drugs. States utilizing MAC have their own price list, which can include more drugs than are covered under ACA-FUL. Note that not all states publish a MAC. Furthermore, while states use various terminology to represent MAC, Elsevier uses the CMS terminology.

Elsevier publishes the MAC as reported by each state.

- **National Average Drug Acquisition Cost (NADAC):**

The NADAC, created by the Centers for Medicare & Medicaid Services, is a survey-based price type that is based on a monthly voluntary survey of randomly selected pharmacies nationwide. The NADAC file is updated on a weekly basis and each month a new survey file is posted to reflect findings from the previous month's survey results.

Elsevier publishes both the weekly file and monthly file in separate price fields.

- **Predictive Acquisition Cost (PAC):**

The PAC drug price type more accurately tracks true acquisition cost and meets the criteria defined by the pharmacy industry for a new drug price benchmark.

PAC employs predictive analytics to estimate acquisition cost by considering various factors, including industry MAC benchmarks, published price lists, existing price benchmarks, drug dispensation, supply/demand measures, and survey-based acquisition costs.

Elsevier is the exclusive distributor and publisher of PAC as reported by Glass Box Analytics.

- **Wholesale Acquisition Cost (WAC):**

WAC is defined in the Medicare Prescription Drug, Improvement and Modernization Act of 2003 as follows: "The term 'Wholesale Acquisition Cost' means, with respect to a drug or biological, the manufacturer's list price for the drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates or reductions in price, as reported in wholesale price guides or other publications of drug or biological pricing data."

The WAC price is populated for those manufacturers that report a WAC price.

Elsevier publishes the WAC as it is directly reported to Elsevier by the product's marketing firm.

Calculated Price Types

In addition to publishing the aforementioned reported price types, Elsevier publishes three (3) calculated price types:

- Calculated AWP (C-AWP)
- Calculated AWP 1.20 (C-AWP 1.20)
- Calculated CMS Federal Upper Limit Price (C-CMS-FUL)

- **Calculated Average Wholesale Price (C-AWP):**

For companies not suggesting an AWP, a mark-up of 25% is applied to the reported WAC.

If no WAC is reported, then a 25% mark-up is applied to the reported Direct Price (DP).

If a marketing firm does not report either a WAC or DP, then there will be no Calculated AWP price applied to the package.

If companies report a suggested Average Wholesale Price, a Calculated Average Wholesale Price is not applied. Therefore, there will either be a reported AWP, or C-AWP and C-AWP 1.20.

- **Calculated Average Wholesale Price 1.20 (C-AWP 1.20):**

For companies not suggesting an AWP, a mark-up of 20% is applied to the reported WAC.

If no WAC is reported, then a 20% mark-up is applied to the reported Direct Price (DP).

If a marketing firm does not report either a WAC or DP, then there will be no Calculated AWP price applied to the package.

If companies report a suggested Average Wholesale Price, a Calculated Average Wholesale Price is not applied. Therefore, there will either be a reported AWP, or C-AWP and C-AWP 1.20.

- **Calculated CMS Federal Upper Limit Price (C-CMS-FUL):**

On the last day of each calendar month at 11:30 PM EST, Elsevier calculates a **proposed** CMS FUL Price, and applies that price to **all** package sizes of each product that meet the same criteria used by CMS to create their published FUL, without regard to the use of the most common package size:

Using a unique combination of ingredient(s), strength(s), dosage form and route of administration as the marker for a representative product, Elsevier applies the following criteria to create a Calculated CMS-FUL:

- There must be three (3) actively marketed products by different firms at the time of calculation.
- The unit price is calculated for both the reported WAC and/or DP price types, regardless of unit quantity per package.
- A markup of 150% is applied to the lowest WAC or DP unit price for the unique representative product, and is considered the Calculated CMS FUL (C-CMS-FUL).

- A price record for the Calculated CMS FUL is assigned to all package sizes of all actively marketed versions of the representative product.

The previous Calculated CMS-FUL record's End Date is set to the last day of the month, thereby making it an inactive price.