Centers for Medicare and Medicaid Services
&
Myers and Stauffer LC

Draft Three-Month Rolling Average
Federal Upper Limits

December 5, 2012

Topics

- Welcome and Introductions
- Draft Federal Upper Limit (FUL) Three-Month Rolling Average File
- Reference Files:
  - Draft Monthly New Drug
  - Draft National Average Retail Price (NARP)
  - Draft National Average Drug Acquisition Cost (NADAC)
- Previously Communicated Methodology Documents
- Questions and Answers

Draft Monthly AMP-Based FUL

- Effective October 1, 2010, the Social Security Act was revised to require that the Secretary:
  - Calculate a FUL as no less than 175 percent of the weighted average (determined on the basis of manufacturer utilization) of the most recently reported monthly average manufacturer prices (AMP).
  - Use pharmaceutically and therapeutically equivalent multiple source drug products that are available for purchase by retail community pharmacies on a nationwide basis.

Draft Monthly AMP-Based FUL

- To facilitate this change, the Centers for Medicare & Medicaid Services (CMS) –
  - Has issued a number of draft monthly AMP-based FUL reimbursement files for multiple source drugs, beginning with the July 2011 data reporting period, and
  - Issued a Draft Methodology and Data Elements Guide for the draft monthly AMP-based FULs at: http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Downloads/MethodologyGuide-AMP-BasedFULnew.pdf

Concern with Draft Monthly AMP-Based FUL

- Commenters noted concerns, most notably, that the draft monthly AMP-based FULs varied from month-to-month, and
- Commenters noted these fluctuations may create problems for pharmacies because they will be unable to predict resulting state reimbursement rates
- CMS developed a draft three-month rolling average FUL to address these concerns

Draft Three-Month Rolling Average FUL

- The draft three-month rolling average FUL consists of the weighted average of the current and two previous draft monthly AMP-based FULs
- We also published a draft Methodology and Data Elements Guide for the draft three-month rolling average FUL - http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Downloads/MethodolgyGuide-3MnthRollingAvgnew.pdf

Draft Three-Month Rolling Average FUL Calculation

There are three steps to the calculation:

1) Calculate the weighted average (determined on the basis of manufacturer utilization) of the three monthly AMPs (current month and the two previous months) for each national drug code (NDC) in the FUL product group.
2) Calculate the weighted average (determined on the basis of manufacturer utilization) for all of the NDCs in the FUL product group for the three-month period based on the weighted average of each NDC.
3) Multiply the weighted average in # 2 by 175 percent.

Draft Three-Month Rolling Average FUL Sample Calculation for March

Drug	January AMP	January AMP Units	February AMP	February AMP Units	March AMP	March AMP Units
A	$1	1,000	$1.25	2,000	$.75	100
B	$2	2,000	$2.25	3,000	$2	200
C	$3	3,000	$3.25	4,000	$3.15	300

1. Drug A Total Sales = ($1 x 1,000) + ($1.25 x 2,000) + ($.75 x 100) = $3,575

   Drug B Total Sales = ($2 x 2,000) + ($2.25 x 3,000) + ($2 x 200) = $11,150

   Drug C Total Sales = ($3 x 3,000) + ($3.25 x 4,000) + ($3.15 x 300) = $22,945
2. Divide total sales by total units ($3,575 + $11,150 + $22,945) / (15,600) = $2.41 = weighted average AMP over 3 months
3. $2.41 x 175% = $4.23 = draft three-month rolling average FUL

Limitations to the Draft Three-Month Rolling Average FUL

- We note the following limitations to the draft three-month rolling average FUL:
  - We calculate a draft three-month rolling average FUL only where we have three months of data for the applicable drugs. Therefore, there may be fewer drug groups with a draft three-month rolling average FUL, compared to the draft monthly AMP-based FUL.
  - While we expect the draft three-month rolling average FUL to fluctuate less from month to month compared to the draft monthly AMP-based FUL, the draft three-month rolling average FUL includes pricing data older than the most recently reported monthly pricing, so it may be less reflective of pharmacies' current purchase prices.

Draft Three-Month Rolling Average FUL

- The draft three-month rolling average FUL file can be found at this link: http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Federal-Upper-Limits-.html
- We invite public comment on the draft three-month rolling average FUL which can be submitted to FUL@cms.hhs.gov

States' Use of FULs

- We are suggesting that states can use the draft monthly AMP-based FUL, or the draft three-month rolling average FUL, once they are finalized, depending on the approved state plan, to develop a pharmacy reimbursement methodology that will allow their pharmacy payments to remain within the FUL in the aggregate.
- We also anticipate that states may consider whether to reimburse at the NADAC once finalized.
- Draft monthly AMP-based FULs and draft three-month rolling average FULs will be updated monthly.

Centers for Medicare and Medicaid Services
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CMS Retail Price Survey

Overview of Draft Reference File Results

Draft Monthly New Drug Report, Draft NARP and Draft NADAC

December 5, 2012

Topics

- Welcome and Introductions
- State Medicaid Program Draft Reference Files:
  - Draft Monthly New Drug Report
  - Draft National Average Retail Price (NARP)
  - Draft National Average Drug Acquisition Cost (NADAC)
- Questions and Answers

Reference Files

- Reference files will be posted on the CMS web site at: http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Survey-of-Retail-Prices.html
- Publishing Schedule and File Formats
  - Draft Monthly New Drug Report: monthly in Excel
  - Draft NARP: monthly in Excel
  - Draft NADAC: weekly in Excel
  - Each file posted will generally be a full replacement of the previous file

Reference Files

- Generally, only the most recent reference file will be included on the web site
- Questions about the programs and reference files can be directed to the CMS Retail Price Survey (RPS) mailbox at RPS@cms.hhs.gov
- Questions about the specific NARP or NADAC values can be directed to the CMS Retail Price Survey (RPS) Help Desk at 855.457.5264 (toll free)

Draft Monthly New Drug Report

Draft Monthly New Drug Report - listing of single source brand and authorized generic covered outpatient drugs that became commercially available in the previous month

- Drug products are generally considered commercially available when available to the marketplace directly from the manufacturer or from one of the three largest national wholesalers
- Date that drug product became commercially available is obtained directly from the drug manufacturer

Draft Monthly New Drug Report

- Newly available drugs are identified through market research and analysis utilizing drug file compendia
- Purpose of the Draft Monthly New Drug Report is to supplement State Medicaid programs existing sources and systems used for managing drug coverage, PDLs, and reimbursement programs
- Report title identifies month and year of report
  - i.e. “Draft Monthly New Drug Report – October 2012”

Draft Monthly New Drug Report

Reference File Example

Draft Monthly New Drug Report is available at

http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Survey-of-Retail-Prices.html

Draft NARP

Definition

Draft National Average Retail Price (NARP) - the national average price per unit paid to retail community pharmacies by cash customers, third-party commercial insurers, and Medicaid

- Includes the combined price paid for drug ingredient costs, co-payments, and professional dispensing fees
- Based on actual market transactions

Draft NARP

Purpose

- Section 1927(f) of the Social Security Act provides, in part, that the Centers for Medicare & Medicaid Services (CMS) may contract with a vendor to conduct monthly surveys with respect to retail community pharmacies of retail prices for Medicaid covered outpatient drugs
- Purpose is to create and publish a national reference benchmark of consumer prices for state Medicaid programs to consider as a measure when determining their pricing policies.

Draft NARP

Data Sources

- Pharmaceutical data suppliers provide aggregated market transactions from retail community pharmacies paid by cash customers, third-party commercial insurers, and Medicaid
  - Protected Health Information, such as patient names or social security numbers, and individual pharmacy identifiers removed prior to receiving
- Pharmaceutical transactional data includes:
  - NDC, dispense date, state, pharmacy entity type (chain or independent), payer type, most frequent quantity dispensed, mean price per unit
  - Drug product utilization projections by state, chain/independent pharmacy and payer type

Draft NARP

File Description

- The Draft NARP file is comprised of approximately 3,000 - 3,500 of the most commonly dispensed brand and generic NDCs
- Limited to covered outpatient drug NDCs as identified by CMS
- Report title provides the month and year the report was published and the month and year of the underlying data
  - i.e. “Draft NARP Reference File – October 2012 (Based on August 2012 Claims Data)”

Draft NARP

Medicaid Pharmacy Claims

- NDCs with a draft NARP account for approximately 70% of a state's Medicaid pharmacy claims volume
- The draft NARP reference file is another source to assist state Medicaid programs in evaluating their reimbursement policies based on what pharmacies receive in payment when dispensing covered outpatient drugs

Draft NARP

Reference File Example

Draft NARP file is available at

http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Survey-of-Retail-Prices.html

Draft NARP

Precision – Brand Drugs

Margin of error measures the precision of the calculated Draft NARP. The lower the margin of error, the higher the precision of the Draft NARP.

Precision of the Draft NARP for Brand Drugs
100% of Brand Drugs have a margin of error of lessthan5% of mean unit price at a confidence level of 95%
0.3% average margin of error as a percent of mean unit price at a confidence level of 95%

- The low margin of error indicates a high level of precision

Draft NARP

Example of Brand Drug Precision

- Using an example NDC that has an average margin of error of 0.3%:
  - Draft brand drug NARP of $4.47949 per unit
  - Margin of error is $0.01351 or 0.3% of the unit price
  - 95% confidence interval is $4.46598 to $4.49300
    - This confidence interval encompasses the true average 95 out of 100 times
- Based upon these results, the calculated draft NARPs are precise estimates of the payment received by pharmacies for brand drugs

Draft NARP

Precision – Generic Drugs

Margin of Error measures the precision of the calculated Draft NARP. The lower the Margin of Error, the higher the precision of the Draft NARP.

Precision of the Draft NARP for Generic Drugs
98% of Generic Drugs have a margin of error of lessthan10% of mean unit price at a confidence level of 95%
2.2% average margin of error as a percent of mean unit price at a confidence level of 95%

- The low margin of error indicates a high level of precision

Draft NARP

Example of Generic Drug Precision

- Using an example NDC that has an average margin of error of 2.2%:
  - Draft generic drug NARP of $0.27465 per unit
  - Margin of error is $0.00609 or 2.2% of the unit price
  - 95% confidence interval is $0.26856 to $0.28073
    - This confidence interval encompasses the true average 95 out of 100 times
- Based upon these results, the calculated draft NARPs are precise estimates of the payment received by pharmacies for generic drugs

Draft NARP

Precision of the NARP - Brand and Generic Drugs

- Calculated draft NARPs for brand and generic drugs demonstrated low margins of error, indicating high levels of precision
- Outcome – State Medicaid programs have a national reference benchmark for use in evaluating their existing reimbursement methodologies

Draft NADAC

Background

- Section 1927(f) of the Social Security Act provides, in part, that CMS may contract with a vendor to conduct monthly surveys with respect to retail community pharmacies of retail prices for covered outpatient drugs
- In June 2010, State Medicaid Pharmacy Administrators, along with the National Association of State Medicaid Directors (NASMD), submitted to CMS the "Post AWP Pharmacy Pricing and Reimbursement" white paper in response to the change in availability of AWP
- CMS has developed the draft NADAC to provide a national reference file to assist state Medicaid programs in evaluating their reimbursement

Draft NADAC

Characteristics of Reliable Pricing Benchmarks

Characteristics	Draft NADAC
Transparent	Methodology, publically available on the CMS website, clearly details the processes for establishing and updating NADACs based solely on pharmacy invoice costs, or pharmacy invoice costs updated to reflect WAC pricing changes when applicable
Accessible	Posted on public web site
Comprehensive	Available for 93%-97% of drug claims
Timely	Updated weekly, matching most Medicaid rate file update schedules
Resistant to Manipulation	Based on invoice prices voluntarily reported by 600-800 pharmacies across the U.S. each month
Reflective of Drug Acquisition Costs	Based solely on pharmacy invoice prices, or pharmacy invoice prices updated to reflect WAC pricing changes when applicable

Draft NADAC

Definition and Purpose

- Draft National Average Drug Acquisition Cost (NADAC) – represents the national average invoice price derived from retail community pharmacy reports for drug products based on invoices from wholesalers and manufacturers. Based on actual market transactions.
- Purpose is to create and publish a national reference benchmark that state Medicaid programs may use when determining their reimbursement to pharmacy providers.
- It does not measure off-invoice discounts, rebates or price concessions

Draft NADAC

Drug Grouping

- Calculated at the drug group level and CMS drug category level
  - Drug Grouping - NDCs for drugs that are pharmaceutically equivalent will be grouped together (same active ingredient, strength, dosage form, route of administration)
  - CMS Drug Category - NDCs classified as either single source (S), innovator multiple source (I) or non-innovator multiple source (N)
- Separate Draft NADACs calculated for S/I drugs and N drugs
- Draft NADACs will be applied to NDCs based primarily on their S/I or N drug status

Draft NADAC

National Medicaid Claims

- Draft NADAC NDCs were compared to CMS National Utilization Data to determine the comprehensiveness and applicability to State Medicaid programs
  - Draft NADACs have been calculated for approximately 93% of all Medicaid brand claim submissions
  - Draft NADACs have been calculated for approximately 97% of all Medicaid generic claim submissions

Draft NADAC
File Description

- Draft NADAC file comprised of approximately 20,000 NDCs for brand and generic covered outpatient drugs
- Report title provides the date the report was published
  - i.e., “Draft NADAC Reference File as of 10/18/2012”

Draft NADAC

NADAC Responsiveness to Actual Market Prices

- Processes were designed to ensure that draft NADACs are reflective of actual market drug price changes and updated on a frequency corresponding with the pricing update schedule utilized by most state Medicaid pharmacy programs
  - Weekly updates to brand drug NADACs based on published WAC pricing changes
  - Weekly updates to brand and generic drug NADACs initiated by inquiries to the CMS RPS Help Desk
  - Monthly updates to the brand and generic drug NADACs reflecting new survey data

Draft NADAC

NADAC File Layout

- NADAC Data Field Definition document is a separate file on the website
- Date – reflects the posting date of the monthly update file, the effective date of a change due to published pricing, or a help desk inquiry received after the monthly update
- Explanation Codes – additional information about the calculation of the draft NADAC. Codes are defined in the data dictionary available on the web site.

Draft NADAC

Explanation Code 6: S/I/N Overrides

- Indicates the CMS Covered Outpatient Drug File drug category of S/I/N has not been applied for rate setting purposes
- NDCs within the CMS Covered Outpatient Drug File were grouped based on pharmaceutical equivalence
  - Within these groups, NDCs were further grouped by brand or generic designation utilized by state Medicaid pharmacy programs

Draft NADAC

Explanation Code 6: S/I/N Overrides

- For the majority of NDCs, ‘S/I’ drugs were classified as brand and ‘N’ drugs were classified as generic
- Occasionally (for a small percentage of NDCs), the CMS drug category ‘S/I/N’ was not applied where the brand/generic designation, according to common reimbursement practices, did not reflect the S/I/N categorization

Draft NADAC

Explanation Code 6: S/I/N Overrides

- Example: authorized generic products
  - In the covered outpatient drug file, these drugs are appropriately listed as an ‘I’ due to the fact that they were approved under an NDA. However the majority of State programs reimburse these drugs as generic drugs so they were grouped as ‘N’ for the draft NADAC calculation

Draft NADAC

Reference Files Example

Draft NADAC file is available at

http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Survey-of-Retail-Prices.html

Draft NADAC

Precision – Brand Drugs

Margin of Error measures the precision of the calculated Draft NADAC. The lower the Margin of Error, the higher the precision of the Draft NADAC.

Precision of the Draft NADAC for Brand Drugs
99.3% of Brand Drugs have a margin of error of lessthan5% of mean unit cost at a confidence level of 95%
0.5% average margin of error as a percent of mean unit cost at a confidence level of 95%

- The low margin of error indicates a high level of precision

Draft NADAC

Example of Brand Drug Precision

- Using an example NDC that has an average margin of error of 0.5%:
  - Draft brand drug NADAC of $4.94980 per unit
  - Margin of error is $0.02828 or 0.5% of the unit cost
  - 95% confidence interval is $4.92152 to $4.97808
    - This confidence interval encompasses the true average 95 out of 100 times
- Based upon these results, the draft calculated NADACs are precise estimates of the payment received by pharmacies for brand drugs

Draft NADAC

Precision – Generic Drugs

Margin of Error measures the precision of the calculated Draft NADAC. The lower the Margin of Error, the higher the precision of the Draft NADAC.

Precision of the Draft NADAC for Generic Drugs
100% of Generic Drugs have a margin of error of lessthan10% of mean unit cost at a confidence level of 95%
2.4% average margin of error as a percent of mean unit cost at a confidence level of 95%

- The low margin of error indicates a high level of precision

Draft NADAC

Example of Generic Drug Precision

- Using an example of an NDC that has an average margin of error of 2.4%:
  - Draft generic drug NADAC of $0.10375 per unit
  - Margin of error is $0.00251 or 2.4% of the unit cost
  - 95% confidence interval is $0.10125 to $0.10626
    - This confidence interval encompasses the true average 95 out of 100 times
- The calculated draft NADACs are precise estimates of the payment received by pharmacies for generic drugs

Draft NADAC

Precision of the NADAC – Brand and Generic Drugs

- Draft calculated NADACs for brand and generic drugs demonstrated low margins of error, indicating high levels of precision

Draft NADAC

Specialty Drug NADACs

- While specialty pharmacies were excluded from the survey, invoice costs for specialty drugs dispensed by retail community pharmacies were submitted
  - Specialty drugs account for approximately 24% of a typical state's Medicaid pharmacy expenditures
  - Draft NADACs were calculated for NDCs accounting for approximately 61% of Medicaid specialty drug claims

Draft NADAC

State-Level AACs

- Draft NADACs were compared to AAC files from Alabama (with state's approval) to evaluate Draft NADAC findings
  - Alabama was the first state Medicaid program to implement a state-level Average Acquisition Cost (AAC) program for reimbursement of brand, generic, and non-prescription drugs
- The Draft NADAC and this AAC program utilize similar methodologies, with exceptions

Draft NADAC

State-Level AACs

- After accounting for program differences, the draft NADACs and AACs for brand drugs were not significantly different
- Given program differences, meaningful comparisons between the draft NADACs and AACs for generic drugs are not possible
  - For example, the draft NADAC methodology differs in scope from existing state programs
    - Performing more frequent surveys and updates
    - Accommodating package size variations
    - Incorporating a larger sample
    - Etc.

Draft NADAC

Survey Response

- To date, 4 draft national pharmacy surveys were completed
- Draft survey response composition breakdowns as follows:
  - Approximately 600-800 pharmacies per month
    - Representing all regions (South, West, Northeast and Midwest)
  - Approximately 1 million cost records per month

	Total Pharmacies	Actual Response
Chain/Independent	65% / 35%	36% / 64%
Rural/Urban	23% / 77%	32% / 68%

Draft NADAC

Response and Overall Composition

- The composition of all retail community pharmacies is more heavily weighted towards chains than independents.
  - Chains account for 65% of all retail community pharmacies, while independents account for 35%.
- There is some concern that differences between overall pharmacy composition and the survey composition may adversely affect the draft NADAC.
  - Survey response: 36% chain / 64% independent

Draft NADAC

Response and Overall Composition

- To analyze this effect, we compared the draft simple average NADACs to the draft weighted NADACs. The draft weighted NADACs apply weights to the average chain and independent drug costs that reflect the overall pharmacy composition (65% chain/35% independent)
  - This analysis confirmed that for the majority of draft NADACs, there is no significant difference between the draft simple and weighted average NADACs
  - When the difference was significant, the draft weighted NADAC was more often lower than the draft simple average NADAC

Draft NADAC

Response and Overall Composition

- Conclusions
  - Many draft brand and generic drug NADACs did not differ significantly when comparing draft simple average to draft weighted NADACs
  - For those draft NADACs where differences exist, the most prevalent effect on the draft NADAC is the draft simple average NADACs were higher when compared to the draft weighted NADACs
  - We will continue to monitor this trend

Draft NADAC

Urban and Rural

- Many rural pharmacies have asserted that a significant difference exists in the prices paid by urban pharmacies and rural pharmacies to purchase drugs. They are concerned that all draft NADACs will be lower than their average drug costs due to this difference. To evaluate this concern, we analyzed average drug costs by urban and rural pharmacies.
  - Average brand drug costs for rural pharmacies are approximately 0.2% higher than urban pharmacies
  - Average generic drug costs for rural pharmacies are approximately 2%-3% higher than urban pharmacies

Draft NADAC

Urban and Rural

- For higher cost brand drugs, which comprise the majority (80%) of Medicaid drug expenditures, urban and rural pharmacy drug costs are essentially the same
- For lower cost generic drugs, which comprise 20% of Medicaid drug expenditures, urban pharmacy drug costs slightly decrease the draft NADAC

Draft NADAC

Urban and Rural

- Conclusions
  - For brand drugs, average urban pharmacy invoice prices are lower than rural pharmacies. The effect on the draft NADACs is that urban drug prices slightly decrease the draft brand drug NADACs. However, due to the small difference in pharmacy invoice prices, the impact is minimal.
  - For generic drugs, average urban pharmacy invoice prices are lower than rural pharmacies. The effect on the draft NADACs is that urban drug prices slightly decrease the draft generic drug NADACs. However, due to the low cost of generic drugs, the impact of the difference is minimal.
  - We will continue to monitor this trend

Draft NADAC

Chain and Independent Pharmacies

- Many independent pharmacies have asserted that a significant difference exists in the prices paid by chain pharmacies and independent pharmacies to purchase drugs. They are concerned that all draft NADACs will be lower than their drug costs due to this difference. To evaluate this concern, we analyzed average drug prices by chain and independent pharmacies.
  - Average brand drug invoice prices for chain pharmacies are approximately 0.8% higher than those for independent pharmacies
  - Average generic drug invoice prices for chain pharmacies are approximately 1%-2% lower than independent pharmacies

Draft NADAC

Chain and Independent Pharmacies

- For higher cost brand drugs, which comprise the majority (80%) of Medicaid drug expenditures, chain pharmacy drug costs slightly increase the draft NADAC
- For lower cost generic drugs, which comprise 20% of Medicaid drug expenditures, chain pharmacy drug costs slightly decrease the draft NADAC

Draft NADAC

Chain and Independent Pharmacies

- Conclusions
  - For brand drugs, average chain pharmacy costs are slightly higher than independents. The effect on the draft NADACs is that chain drug prices slightly increase the draft brand drug NADAC.
  - For generic drugs, average chain pharmacy costs are lower than independents. The effect on the draft NADACs is that chain pharmacy costs slightly decrease the draft generic drug NADACs. However, due to the low unit cost of generic drugs, the impact of the difference is minimal.
  - We will continue to monitor this trend

Draft NADAC

Geographic

- Among the South, West, Northeast, and Midwest regions of the U.S., the South region showed higher drug prices than the other regions
  - For brand drugs, costs from the South were approximately 1% higher
  - For generic drugs, costs from the South were approximately 2%-6% higher
- We will continue to monitor this trend

Draft NADAC

Geographic

- We received limited invoice data from pharmacies in Alaska and Hawaii upon which to draw conclusions
- We will continue to monitor and report on geographic differences in drug costs

Draft NADAC

Summary

- Based on the analyses presented, there does not appear to be a need to weight the draft NADAC based upon various pharmacy characteristics
- Draft NADACs for new drugs will be determined based upon acquisition costs for the drug reported on invoices collected
- Transactions that are not reported on pharmacy invoices are not reflected in the draft NADACs
- A Help Desk will be maintained for pharmacies to report sudden changes in the marketplace (e.g., materials shortage) that impact the acquisition cost of drugs

Draft NADAC

AWP and WAC

- Medicaid agencies have used various discounted AWPs and WACs to estimate drug acquisition costs. With the availability of the draft NADAC, states will be able to evaluate their current AWP and WAC based methodologies to determine how closely they approximate average acquisition costs.

Draft NARP and Draft NADAC

Difference Analysis

- Analysis based upon 3,300 distinct NDCs where both a draft NARP and draft NADAC from the same month were calculated
  - Medicaid FFS and Third Party data were available for all 3,300 NDCs
  - Draft Cash NARPs were not available for all 3,300 distinct NDCs due to the lack of claims for high cost drugs
- The difference between the draft NARP (total payment received) and the draft NADAC (invoice amount paid for drugs) was calculated

Draft NARP and Draft NADAC

Difference for Brand Drugs

Brand Drugs

	Cash	Medicaid FFS	Third Party	Combined
Draft NARP Per Script	$136.70	$218.35	$206.10	$205.39
Draft NADAC Per Script	($117.20)	($204.68)	($194.46)	($193.41)
Difference Per Script	$19.50	$13.67	$11.64	$11.98
Difference Percent	14.3%	6.3%	5.6%	5.8%

Note: The mix of drugs analyzed differs between Cash and Medicaid FFS/Third Party. Draft Cash NARPs were not available for all 3,300 distinct NDCs due to the lack of cash paying consumer claims for high cost drugs.

Draft NARP and Draft NADAC

Difference for Generic Drugs

Generic Drugs

	Cash	Medicaid FFS	Third Party	Combined
Draft NARP Per Script	$17.12	$19.63	$20.68	$20.34
Draft NADAC Per Script	($6.11)	($9.43)	($11.63)	($11.07)
Difference Per Script	$11.01	$10.20	$9.05	$9.27
Difference Percent	64.3%	52.0%	43.8%	45.6%

Note: The mix of drugs analyzed differs between Cash and Medicaid FFS/Third Party. Draft Cash NARPs were not available for all 3,300 distinct NDCs due to the lack of cash paying consumer claims for high cost drugs.

Draft NARP and Draft NADAC

Difference for Brand and Generic Drugs Combined

Brand and Generic Drugs

	Cash	Medicaid FFS	Third Party	Combined
Difference Per Script	$11.71	$11.10	$9.65	$9.88
Difference Percent	43.2%	15.6%	15.1%	15.9%

Note: The mix of drugs analyzed differs between Cash and Medicaid FFS/Third Party. Draft Cash NARPs were not available for all 3,300 distinct NDCs due to the lack of cash paying consumer claims for high cost drugs.

Questions / Comments

- For additional information or to submit questions or comments
  - Email: RPS@cms.hhs.gov
  - Website: http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Survey-of-Retail-Prices.html
- For those unable to attend this webinar, a taping of the presentation and related slides will be available on the website listed above for one week following the webinar