



## Pricing Policies

### Reported Prices

Elsevier / Gold Standard offers several price types as they are **directly reported** from the product marketing firms. These include Average Wholesale Price (AWP), Wholesale Acquisition Cost (WAC), Direct Price (DP) and Federal Supply Schedule (FSS). In addition, Gold Standard reports the CMS Federal Upper Limit pricing as it is published by the Centers for Medicare and Medicaid Services (CMS-FUL).

#### 1) Average Wholesale Price (AWP):

- a) AWP is supplied for all packages in which the marketing firm reports a suggested average wholesale price.
- b) The AWP reported by Elsevier / Gold Standard is not intended to represent actual transaction prices and does not include prompt pay or other discounts, rebates or reductions in price.
- c) Elsevier / Gold Standard 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 / Gold Standard does not require pricing for a product to be listed, it is acceptable for the AWP field to be zero.

#### 2) Wholesale Acquisition Costs (WAC):

- a) WAC is defined as in the Medicare Prescription Drug, Improvement and Modernization Act of 2003: "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."
- b) WAC price is populated for those manufacturers that report a WAC price.

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

3) Direct Price:

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

Elsevier / Gold Standard publishes the Direct Price as it is directly reported to Elsevier / Gold Standard by the product's marketing firm.

4) Federal Supply Schedule is the multiple-award, multi-year federal contract which satisfies all federal contract laws and regulations, based on vendors' business with commercial customers.

5) CMS Federal Upper Limit Price:

Elsevier / Gold Standard publishes the CMS Federal Upper Limit prices as they are reported by CMS.

### **Calculate Price Types**

In addition to publishing the aforementioned reported price types, Elsevier / Gold Standard publishes three (3) calculated price types, Calculated AWP (C-AWP), Calculated AWP 1.20 (C-AWP 1.20) and Calculated CMS Federal Upper Limit Price (C-CMS-FUL):

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

- a. For companies not suggesting an AWP, a mark-up of 25% is applied to the reported WAC.
- b. If no WAC is reported, then a 25% mark-up is applied to the reported Direct Price (DP).
- c. If a marketing firm does not report either a WAC or DP, then there will be no Calculated AWP price applied to the package. '

2) Calculated Average Wholesale Price 1.20 (C-AWP 1.20)

- a. For companies not suggesting an AWP, a mark-up of 20% is applied to the reported WAC.
- b. If no WAC is reported, then a 20% mark-up is applied to the reported Direct Price (DP).
- c. 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.

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

On the last day of each calendar month at 11:30 PM EST, Elsevier / Gold Standard 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, Gold Standard applies the following criteria to create a Calculated CMS-FUL:

- 1) There must be 3 actively marketed products by different firms at the time of calculation.
- 2) The unit price is calculated for both the reported WAC and/or DP price types, regardless of unit quantity per package.
- 3) 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).
- 4) 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 EndDate is set to the last day of the month, thereby making it an inactive price.