VERMONT

State of Vermont *Agency of Human Services*
Department of Vermont Health Access
280 State Drive, NOB 1 South [Phone] 802-879-5903
Waterbury, VT 05671-1010 [Fax] 802-879-5963
www.dvha.vermont.gov

Act 193- Pricing Transparency Drug List-DVHA Methodology

Date: 10/16/2018 (rev 10/31/18)

Methodology used for selection of drug list for Act 193 of 2018:

Nancy Hogue, Pharm. D., Director of Pharmacy Services for DVHA provided data on drugs that meet the criteria set forth in Act 193. Nancy requested data from DVHA's Pharmacy Benefits Manager (PBM) and produced a final list of drugs based on the following criteria:

List 1-**TOP 10 GROSS AMOUNT PAID**

1) Contains drugs for which the wholesale acquisition cost (WAC) increased by 50 percent or more over the five-year period from 2013-2017 or by 15 percent or more over the past calendar year (2016-2017). The WAC unit price for all years was pulled as of December 31st of each calendar year. The data was then averaged and grouped at the product name level. The data was initially ranked based on the largest increase in WAC according to the list from which it was derived (1-year or 5-year), and then further ranked by the total gross cost to DVHA. Finally, the list was sorted by the highest to lowest percent increase in WAC.

List 2-**TOP 10-NET AMOUNT PAID**

2) Contains drugs for which the net cost to DVHA, calculated as pharmacy reimbursement minus any and all rebates, increased by 50 percent or more over the five-year period from 2013-2017 or by 15 percent or more over the past calendar year (2016-2017). The total net cost for each NDC was divided by the total quantity (ex. tablets or capsules) of the drug reimbursed by DVHA for that NDC to obtain the Net Unit Cost for each drug. The data was pulled by Calendar Year, then averaged and grouped at the product name level. The data was initially ranked based on the greatest increase in net cost according to the list it from which it was derived (1 year or 5 year), and then further ranked by the total net cost to DVHA. Since DVHA is prohibited from publishing drug-specific net cost information, the gross cost to DVHA for each drug listed was provided as a benchmark. This will not align in rank order with the net cost of the drug to the State.

3) The drug lists were further refined to assure that at least one generic and one brand appeared on each list, and specialty drugs were identified. Specialty drugs were defined as per DVHA's posted list of specialty drugs on the DVHA website at: http://dvha.vermont.gov/for-providers/specialtydrugweblist.pdf.

4) The WAC increase query resulted in the following totals:

GROSS									
Category	Total # NDC's Evaluated	# of NDCs Exceeded Threshold	% of Total	Number of generic NDCs exceeding threshold	Generic % of total NDCs exceeding threshold	Avg % increase Generic	Avg % increase Brand	Avg $ Inc Generic	Avg $ Increase Brand
WAC >= 50% last 5 Yr	80,945	4,320	5.34%	2,242	51.90%	349.80%	139.17%	$58.76	$83.25
WAC>= 15% last 1Yr	87,770	694	0.79%	467	67.29%	200.04%	37.30%	$19.80	$24.83