Low List Price Drug Products

Table of Contents

Administrative Policy .......................................................... 1
General Background ............................................................ 1
References ................................................................. 2

Related Coverage Resources

PCSK9 Inhibitors

PURPOSE
Administrative Policies are intended to provide further information about the administration of standard Cigna benefit plans. In the event of a conflict, a customer’s benefit plan document always supersedes the information in an Administrative Policy. Coverage determinations require consideration of 1) the terms of the applicable benefit plan document; 2) any applicable laws/regulations; 3) any relevant collateral source materials including Administrative Policies and; 4) the specific facts of the particular situation. Administrative Policies relate exclusively to the administration of health benefit plans. Administrative Policies are not recommendations for treatment and should never be used as treatment guidelines.

Administrative Policy

A “low list price” drug product is a product released by its manufacturer to have a lower wholesale acquisition cost (WAC) than its otherwise identical higher list priced drug product.

Coverage for High List Price drug products varies across plans. Certain plans may not cover high list priced products unless the low list price brand is not available in market. Refer to the customer’s benefit plan document for coverage details.

Employer Group Plans:

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<tbody>
<tr>
<td>Repatha* [Manufacturer codes 55513] Version – Not Covered</td>
<td>Not applicable</td>
<td>Low List Price Repatha* [Manufacturer codes 72511] - covered</td>
<td>Not applicable</td>
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*In order to be covered, denoted products must also meet medical necessity criteria defined in the related coverage policy

General Background

Drug prices are impacted as other goods and services by supply and demand. Pharmaceuticals are rarely acquired by pharmacies directly from the manufacturer, but rather through pharmaceutical wholesalers.
(Mattingly, 2012) There is no one universal listing of drug prices. The federal government publishes prices through the administration of the Medicaid prescription drug program. (Meyer, 2019) The Federal Upper Limit is calculated and published monthly as a part of the Medicaid prescription drug program at an amount equal to 175 percent of the weighted average of the most recently reported monthly average manufacturer prices (AMPs) for pharmaceutically and therapeutically equivalent multiple source drugs. (Medicaid.gov) Payers estimate the cost of drugs through data collected from federal reporting and other published drug price services such as Truven Health’s Redbook™. (AHIP, 2018)

The wholesale acquisition cost (WAC) estimates the manufacturer’s list price to wholesalers or direct purchasers, without any discounts or rebates considered. (Mattingly, 2012). Customer coinsurance is often tied to list prices. Medicare beneficiaries do not have an annual maximum for out of pocket drug costs. But enrollees in other commercial benefit plans do and that maximum is limited by the Affordable Care Act.

Drug manufacturers such as Amgen have introduced reduced list price versions of some medications to help prevent Medicare patients from higher out-of-pocket costs. Amgen has made Repatha, a cholesterol lowering medication, available at a reduced list price and provided a new National Drug Codes (NDC) to identify these lower list price products. The lower list price Repatha is identical to the Repatha previously available on the market. (Amgen, 2018)

References