

U.S. Drug Price Data Policy

2016 Revision

This Policy is intended to provide important information for Wolters Kluwer Clinical Drug Information (WKCDI) licensees and authorized users, and other potentially interested third-parties, about the nature and source of the drug price information, including “Average Wholesale Price” (AWP) data, that WKCDI publishes in a number of different solutions. Please read the following information carefully and in its entirety both before using the pricing information contained in the Medi-Span drug information solutions and when making ongoing decisions about reasonable and appropriate uses of that information.

Important Information About AWP Data:

AWP is not based on actual transactional, marketplace price data. Despite its name and its possible use as a price index, the AWP published by WKCDI is not an average of actual wholesale prices. It is not derived from, does not reflect, and should not be assumed to represent, either (i) the actual prices paid for drug products in transactions between wholesalers (meant to include any party that buys drug products directly from a manufacturer) and their customers, or (ii) any discounts, rebates or other price reductions (e.g., purchase or prompt-pay discounts, volume rebates or credits, etc.) that wholesalers may offer to their customers in connection with those transactions. A wholesaler or other direct purchaser from a pharmaceutical manufacturer may agree to sell its products to one or more of its customers at a price that is on its face or effectively different than the AWP published by WKCDI.

WKCDI relies entirely on information reported to it by drug manufacturers (including distributors, labelers, or repackagers that set relevant pricing) in determining the AWP that it publishes for a particular drug. WKCDI may verify that pricing data submissions from a drug manufacturer are authorized and authentic, but WKCDI does not perform any independent investigation, survey, or analysis to determine whether any pricing information reported to it by manufacturers is an accurate representation of drug purchase or sale prices paid by wholesalers, retailers, hospitals, physicians, or other drug purchasers in actual marketplace transactions. As a result, WKCDI AWP information will change only following and as a result of a pharmaceutical manufacturer’s report of a drug price change to WKCDI.

Sources Of Information And Procedures For Publishing AWP:

WKCDI publishes AWP information for a particular drug only if the drug’s manufacturer directly reports to WKCDI (i) a Suggested Wholesale Price (SWP); (ii) a Wholesale Acquisition Cost (WAC) or Direct Price (DP); or (iii) in cases of over-the-counter products (OTC), a Manufacturer’s Suggested Retail Price (MSRP). Additional information about WAC, SWP, and DP is provided below.

In all cases where a manufacturer provides WKCDI with an SWP (and even if the manufacturer also provides a WAC and/or DP), the WKCDI published AWP will be equal to the manufacturer’s reported SWP. As a result, the WKCDI published AWP may be greater than 120% of a manufacturer-reported WAC or DP in cases where the WKCDI published AWP is based on a manufacturer’s reported SWP.

In all cases where a manufacturer does not provide WKCDI with an SWP, the WKCDI published AWP is determined by applying a markup to the manufacturer’s reported WAC or, in cases where the manufacturer does not supply a WAC, the manufacturer’s reported DP.

The markup WKCDI applies to the WAC or DP for active drugs is the lesser of either a standard markup of 20% or a markup of less than 20% that is based upon certain historical wholesaler-reported data.¹ WKCDI has not performed and does not perform any independent investigation, survey, or analysis to determine whether any markup applied to WAC or DP is an accurate representation of markups applied to drug products by wholesalers (meant to include any party that buys drug products directly from a manufacturer) prior to offering drugs for sale to their customers in actual marketplace transactions.

Additional Information about Pricing Terms Used in this Policy:

Suggested Wholesale Price (SWP) is the price that a manufacturer reports to WKCDI as the price that the manufacturer suggests that wholesalers charge when selling the manufacturer's drug to the wholesaler's customers. The SWP does not necessarily represent the actual sales price used by a wholesaler in any specific transaction or group of transactions with its own customers. Wholesalers determine the actual prices at which they sell drug products to their respective customers, based on a variety of competitive, customer and market factors.

Wholesale Acquisition Cost (WAC) is the price that a manufacturer reports to WKCDI as the list price at which wholesalers may purchase drug products from that manufacturer. WAC does not represent an actual sales price in any single transaction or group of transactions between a manufacturer and a wholesaler, as any manufacturer may agree to sell its products to one or more customers at a different price through any number of methods, including, but not limited to, discounts, rebates, credits or other net price reduction arrangements.

Direct Price (DP) is the price that a manufacturer reports to WKCDI as the list price at which non-wholesalers and healthcare providers may purchase drug products from that manufacturer. WKCDI generally does not receive a reported DP for drugs that are sold by a manufacturer exclusively through wholesalers, although in some cases both a DP and a WAC may be provided at the manufacturer's discretion. DP does not represent an actual sales price in any single transaction or group of transactions between a manufacturer and a non-wholesaler or healthcare provider, as any manufacturer may agree to sell its products to one or more customers at a different price through any number of methods, including, but not limited to, discounts, rebates, credits or other net price reduction arrangements.

General Policy Terms:

As with its other policies, WKCDI reserves right, in its sole discretion, to change this Drug Price Data Policy or to update or revise any of its price reporting methodologies from time to time. WKCDI recommends that its licensees and authorized users, and other interested third-parties refer back to this website for any policy updates or changes in connection with their ongoing review and use of the drug price data, including particularly AWP information, published by WKCDI. Licensees and authorized users who have questions concerning this Drug Price Data Policy can contact their account manager or WKCDI's customer support department at 1-800-388-8884 or via email at MediSpan-Support@wolterskluwer.com.