

18 V.S.A. § 4635- Pricing Transparency Drug List-DVHA Methodology

Date: 09/06/2019

Vermont law 18 V.S.A. § 4635, entitled “Prescription Drug Cost Transparency” requires the Department of Vermont Health Access (“DVHA”) to create two lists of 10 prescription drugs each for which the gross and net costs have increased by 50 percent or more over the past five years or 15 percent or more over the past calendar year. DVHA’s Pharmacy Unit prepared data on drugs that meet the criteria per the following methodology.

Methodology used for selection of drug list for 18 V.S.A. § 4635:

The data was supplied by DVHA’s Pharmacy Benefits Manager (PBM) Change Healthcare, based on criteria supplied by DVHA and produced a detailed listing of all drugs that exceeded the threshold as defined in statute. The final list of the top 10 drugs in each category was derived by reviewing these lists in detail, taking into consideration the previous year’s lists, and brand, generic and specialty status. Net spend was also considered when generating the ranking of the drugs in the “net cost” list.

TOP 10 GROSS AMOUNT PAID (Chart 1)

This list contains drugs for which the wholesale acquisition cost (WAC) increased by 50 percent or more over the five-year period from 2014-2018 or by 15 percent or more in calendar year 2018. 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 sorted based on the highest total gross cost to DVHA according to the list from which it was derived (1-year or 5-year). An additional list was sorted for largest percent increase in WAC according to the list from which it was derived (1-year or 5-year).

DVHA included four of drugs that were in the top 20 of all drugs on the five-year list, and six drugs that were in the top 20 on the one-year list. Our focus was on drugs that experienced more recent and significant price increases in CY2018.

TOP 10-NET AMOUNT PAID (Chart 2)

This list contains drugs for which the net cost to DVHA increased by 50 percent or more over the five-year period from 2014-2018 or by 15 percent or more in calendar year 2018. DVHA net cost was calculated as pharmacy reimbursement minus any and all rebates. 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 sorted based on the highest net paid amounts according to the list it from which it was derived (1-year or 5-year). Another sort generated a list looking at the highest average percent increase according to the list from which it was derived (1-year or 5-year).

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/specialtydrugweblis.pdf>.

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.

A summary of the drug NDC’s analyzed appears below:

CY 2018									
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	81,116	3,934	4.85%	2,019	51.32%	328.74%	135.11%	\$68.65	\$79.11
WAC >= 15% last 1Yr	87,343	1,149	1.32%	775	67.45%	144.82%	69.86%	\$40.46	\$24.16