

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

Date: June 11, 2021

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 per the following statutory language:

(b)(1)(A) The Department of Vermont Health Access shall create annually a list of 10 prescription drugs on which the State spends significant health care dollars and for which the wholesale acquisition cost has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, creating a substantial public interest in understanding the development of the drugs' pricing. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall include the percentage of the wholesale acquisition cost increase for each drug on the list; rank the drugs on the list from those with the largest increase in wholesale acquisition cost to those with the smallest increase; indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both; and provide the Department's total expenditure for each drug on the list during the most recent calendar year.

(B) The Department of Vermont Health Access shall create annually a list of 10 prescription drugs on which the State spends significant health care dollars and for which the cost to the Department of Vermont Health Access, net of rebates and other price concessions, has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, creating a substantial public interest in understanding the development of the drugs' pricing. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall rank the drugs on the list from those with the greatest increase in net cost to those with the smallest increase and indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both.

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:**

To be consistent with other payers and allow the Attorney General's office to maximize comparisons of the list among payers, DVHA developed the list based on the one-year increase in WAC and net cost. 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 a 15% increase in gross and net cost to DVHA. 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 15 percent or more in calendar year 2020. The WAC unit price for all drugs with utilization was pulled as of December 31st of the calendar year. The data was averaged and grouped at the product name level. The data was drilled down based on the highest total gross cost to DVHA.

TOP 10 GROSS AMOUNT PAID-CY 2020 (Chart 1)									
Therapeutic Category	PRODUCT NAME	GENERIC NAME	LABELER NAME	Brand or Generic (B/G)	Rank by Gross Amount Paid 1= Highest Spend	PERCENT INCREASE (Over One Year)	GROSS AMOUNT PAID	Specialty (Yes)	Drug Appeared on Previous Year's List
Duchenne MD	EMFLAZA TABLETS	Deflazacort Tab	PTC THERAPEUTICS, INC.	B	1	19.03%	\$ 142,262.66	Yes	No
Epilepsy	FANAPT TABLETS	Iloperidone Tab	VANDA PHARMACEUTICALS, INC.	B	2	17.72%	\$ 63,699.31	-	No
Migraine	ZOMIG NASAL SPRAY	Zolmitriptan Nasal Spray	IMPAX LABORATORIES, INC.	B	3	20.78%	\$ 15,220.39	-	No
Anxiety	DIAZEPAM TABLETS	Diazepam Tab	MAYNE PHARMA INC.	G	4	100.00%	\$ 14,449.10	-	No*
Diagnostic	METOPIRONE CAPSULES	Metirapone Cap	HRA PHARMA AMERICA INC.	B	5	37.39%	\$ 11,044.30	-	No
Analgesic	OXYMORPHONE HYDROCHLORIDE	Oxymorphone HCl Tab ER 12HR	IMPAX LABORATORIES, INC.	G	6	27.48%	\$ 10,620.83	-	No
Analgesic	ACETAMINOPHEN EXTRA STREN	Acetaminophen Tab	MAJOR PHARMACEUTICALS	G	7	45.64%	\$ 8,281.00	-	No
Analgesic	ASPIRIN LOW DOSE	Aspirin Tab Delayed Release 81 MG	TIME-CAP LABS, INC.	G	8	53.00%	\$ 2,291.50	-	No
Gastrointestinal	LANSOPR/AMOX MIS /CLARITH	Amoxicillin-Clarithro-Lansopraz Cap Pack	RISING HEALTH, LLC.	G	9	97.22%	\$ 2,180.91	-	No
Laxative	GOODSENSE CLEARLAX	Polyethylene Glycol 3350 Oral Powder 17 GM	L. PERRIGO COMPANY	G	10	57.32%	\$ 1,587.68	-	No
									* Mfg appeared in 2019

## TOP 10-NET AMOUNT PAID (Chart 2)

This list contains drugs for which the net cost to DVHA increased by 15 percent or more in calendar year 2020. DVHA net cost was calculated as wholesale acquisition cost minus manufacturer federal 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. This list is NDC-based. If multiple NDCs of the same drug appeared on the list the total gross spend was combined and the percent increase averaged. The list was ranked based on highest to lowest net paid amount for each drug.

TOP 10 NET AMOUNT PAID-CY 2020 (Chart 2)										
Therapeutic Category	PRODUCT NAME	GENERIC NAME	LABELER NAME	Brand or Generic (B/G)	Rank by Net Amount Paid 1= Highest Net Spend	AVERAGE PERCENT INCREASE (Over One Year)	GROSS AMOUNT PAID*	Specialty (Yes)	Appeared on Previous Year's List (Yes/No)	Appeared on this year's GROSS (WAC) COST LIST
Psoriasis, Crohn's, UC	STELARA	Ustekinumab Soln Prefilled Syringe	JANSSEN BIOTECH, INC	B	1	25.5%	\$ 2,969,522.68	Yes	Yes**	No
Anti-infective	XIFAXAN	Rifaximin Tab 550 MG	SALIX PHARMACEUTICALS, INC.	B	2	24.7%	\$ 797,035.28	-	Yes***	No
Gout Agents	COLCHICINE	COLCHICINE CAP 0.6MG	HIKMA PHARMACEUTICAL USA, INC.	G	3	20.8%	\$ 78,967.63	-	No	No
Antidepressant	FLUOXETINE HYDROCHLORIDE	FLUOXETINE CAP 40MG	TEVA PHARMACEUTICALS USA, INC.	G	4	20.3%	\$ 21,480.63	-	No	No
Bone Density	FORTEO	Teriparatide inj 620 MCG/2.48ML	ELI LILLY AND COMPANY	B	5	32.7%	\$ 197,273.94	-	No	No
Antiparasitic	ALBENZA	Albendazole Tab 200 MG	AMEDRA PHARMACEUTICALS, LLC	B	6	62.6%	\$ 32,234.47	-	Yes	No
Migraine	DIHYDROERGOTAMINE MESYLATE	DIHYDROERGOT SPR 4MG/ML	OCEANSIDE PHARMACEUTICALS	G	7	18.5%	\$ 36,361.45	-	No	No
ADHD/Antihypertensiv	GUANFACINE HCL	GUANFACINE TAB 1MG	AMNEAL PHARMACEUTICALS LLC	G	8	23.5%	\$ 65,280.29	-	No	No
IV Nutritional	OMEGAVEN	OMEGAVEN INJ 10/100ML	FRESENIUS KABI USA, LLC	B	9	16.3%	\$ 30,744.00	-	No	No
Endometriosis	LUPRON DEPOT (3-MONTH)	LUPRON DEPOT INJ 11.25MG	ABBVIE INC	B	10	26.8%	\$ 68,452.39	-	No	No
*DVHA is prohibited from publishing drug-specific net cost information. The gross cost to DVHA for each drug listed is provided as a benchmark. This will not align in rank order with the net cost of the drug to the State.										
** 2018 and 2019 Net List										
*** 2019 Gross List										

Both 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: [DVHA Specialty Drug List](#). Since DVHA is prohibited from publishing drug-specific net cost information, the gross cost to DVHA for each drug listed is provided as a benchmark. This may not align in rank order with the net cost of the drug to the State.

A summary of the drug NDCs analyzed appears in this Chart #3:

CHART #3

2020 GROSS										
Category	Total # NDC's Evaluated	# of NDCs with Utilization 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	12,923	395	3.06%	353	89.37%	221.67%	99.74%	\$1.35	\$346.42	
WAC >= 15% last 1Yr	12,893	116	0.90%	105	90.52%	134.08%	20.59%	\$0.45	\$27.70	

### DRUG PRICE TRENDS

- Chart #4 below is a summary of the last five years of data on WAC price increases. The NDCs included in this comparison only include NDCs for which DVHA had utilization. Compared to 2016, there has been a 79% decline in the total number of drugs reaching the 15% increase per year threshold, and an 82% decline in the total number of drugs reaching the 50% increase per 5-year threshold. This indicates that fewer manufacturers are excessively increasing their wholesale acquisition costs for drugs.
- Compared to 2016, the mix of brand and generic drugs reaching the threshold has significantly shifted. Of all drugs reaching the 15% per year threshold, the percent that are generics has increased from 35.2% to 90.5%, and the percentage that are brand drugs has therefore declined from 64.8% to only 9.5% of the total drugs. Manufacturers of brand name drugs have moderated their price increases more effectively than generic manufacturers.
- The magnitude of the increase in brand drugs rose from an average of 22.3% to 32.2% in 2019 but declined to only 20.6% in calendar year 2020. Generics rose from 132% to 176.7% in 2019, but also declined in CY2020 to 134.1%. Generic drug prices still rose at a significantly higher rate than brand drugs.
- The average dollar increase in generic prices has declined from an average of \$1.98 to \$0.45 which along with the other trends above, indicates that lower priced generics continue to experience sharper price increases than higher priced generics. The average dollar increase in brand drugs rose from \$12.49 in 2016 to \$27.70 in 2020. Since the percent increase has declined since 2016, this may indicate that prices for brand drugs are higher overall due to modest price increases and higher launch prices over the last five years.

CHART #4

2016 GROSS									
Category	Total # NDC's Evaluated	# of NDCs with Utilization 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	11,542	2,204	19.10%	1,404	63.70%	447.93%	111.05%	\$2.63	\$40.48
WAC >= 15% last 1Yr	12,972	548	4.22%	193	35.22%	131.99%	22.31%	\$1.98	\$12.49
2017 GROSS									
Category	Total # NDC's Evaluated	# of NDCs with Utilization 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	12,035	1,644	13.66%	996	60.58%	325.01%	92.73%	\$2.51	\$51.55
WAC >= 15% last 1Yr	13,747	323	2.35%	158	48.92%	86.81%	24.67%	\$1.70	\$14.59
2018 GROSS									
Category	Total # NDC's Evaluated	# of NDCs with Utilization 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	12,934	992	7.67%	543	54.74%	253.27%	79.34%	\$3.45	\$51.94
WAC >= 15% last 1Yr	14,348	202	1.41%	171	84.65%	148.16%	29.37%	\$0.90	\$19.15
2019 GROSS									
Category	Total # NDC's Evaluated	# of NDCs with Utilization 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	11,677	475	4.07%	336	70.74%	240.60%	80.68%	\$1.58	\$17.09
WAC >= 15% last 1Yr	12,998	199	1.53%	166	83.42%	176.67%	32.18%	\$0.68	\$5.15
2020 GROSS									
Category	Total # NDC's Evaluated	# of NDCs with Utilization 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
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TOP 10 NET AMOUNT PAID-CY 2020 (Chart 2)

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