

# “Simplified” Depiction of the US Brand-Drug Pricing Regulatory Framework

Relationships between price metrics and derivation of net pricing realized by manufacturer (not payer)

Provider discounts, distribution fees, GPO fees, chargebacks, volume discounts, prompt-pay discounts, manufacturer coupon cards, FSS, Non-FAMP, Big 4, and OGA pricing **not shown** for simplicity

## Commercial (pharmacy-dispensed drug)

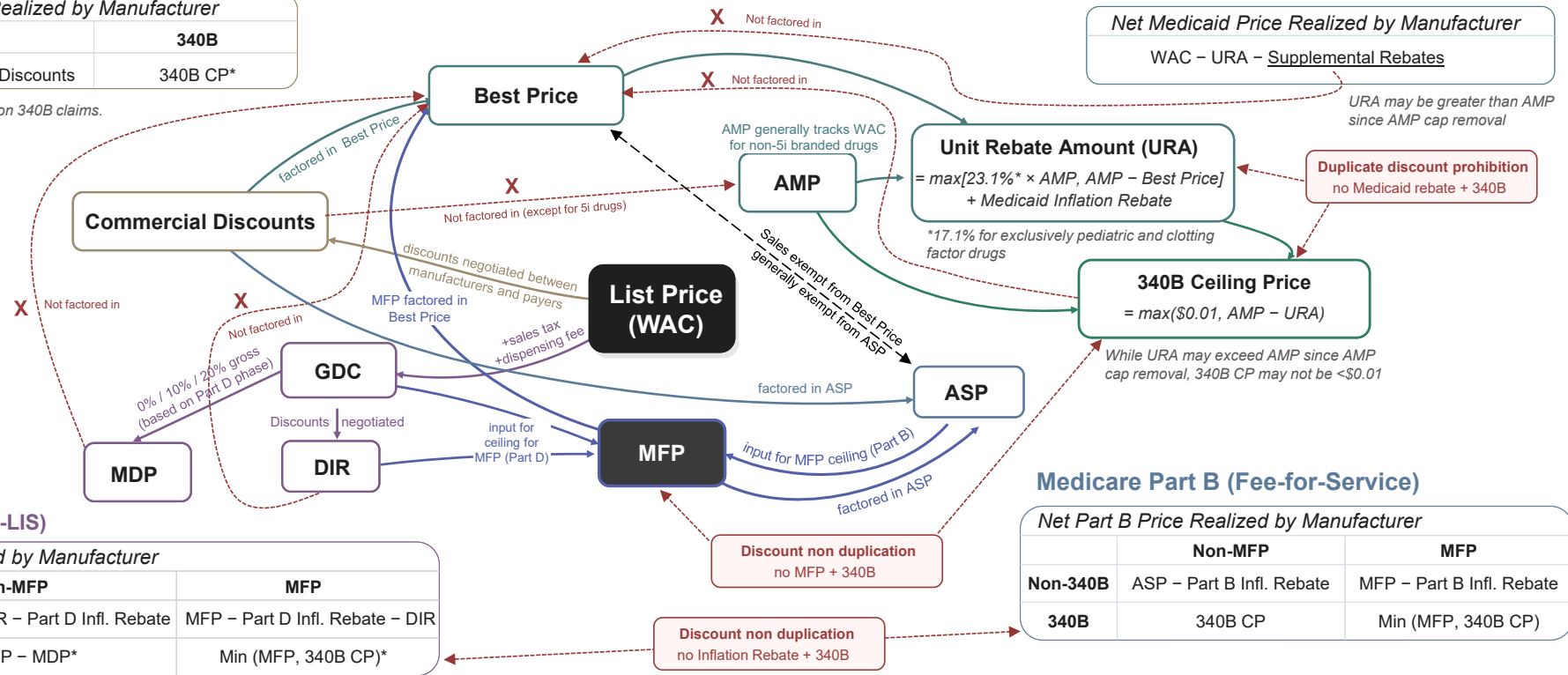
Net Commercial Price Realized by Manufacturer	
Non-340B	340B
List Price – Commercial Discounts	340B CP*

\*Assumes no discounts to payers on 340B claims.

## Medicaid

Net Medicaid Price Realized by Manufacturer	
WAC – URA – Supplemental Rebates	

URA may be greater than AMP since AMP cap removal



**Duplicate discount prohibition**  
no Medicaid rebate + 340B

\*17.1% for exclusively pediatric and clotting factor drugs

While URA may exceed AMP since AMP cap removal, 340B CP may not be <\$0.01

## Medicare Part D (non-LIS)

Net Part D Price Realized by Manufacturer		
	Non-MFP	MFP
<b>Non-340B</b>	WAC – MDP – DIR – Part D Infl. Rebate	MFP – Part D Infl. Rebate – DIR
<b>340B</b>	340B CP – MDP*	Min (MFP, 340B CP)*

\*Assumes no DIR on 340B claims.

## Medicare Part B (Fee-for-Service)

Net Part B Price Realized by Manufacturer		
	Non-MFP	MFP
<b>Non-340B</b>	ASP – Part B Infl. Rebate	MFP – Part B Infl. Rebate
<b>340B</b>	340B CP	Min (MFP, 340B CP)

### ABBREVIATIONS

<b>AMP</b>	Average Manufacturer Price	<b>Infl. Rebate</b>	Inflation Rebate	<b>WAC</b>	Wholesale Acquisition Cost
<b>ASP</b>	Average Sales Price	<b>MDP</b>	Manufacturer Discount Program	<b>340B CP</b>	340B Ceiling Price
<b>GDC</b>	Gross Drug Cost (Part D)	<b>MFP</b>	Maximum Fair Price (IRA)	<b>5i drugs</b>	infused, injected, implanted, inhaled, or instilled drugs with >70% sales nonretail
<b>DIR</b>	Direct and Indirect Remuneration (manufacturer component)	<b>URA</b>	Unit Rebate Amount		

**For educational and illustrative purposes.** This figure is a simplified conceptual depiction of selected US brand-drug pricing relationships and is not intended as legal, regulatory, reimbursement, or policy advice. It does not represent, and should not be interpreted as representing, the views, positions, guidance, or policy of the Centers for Medicare & Medicaid Services (CMS), the US Department of Health and Human Services (HHS), or any other government agency.

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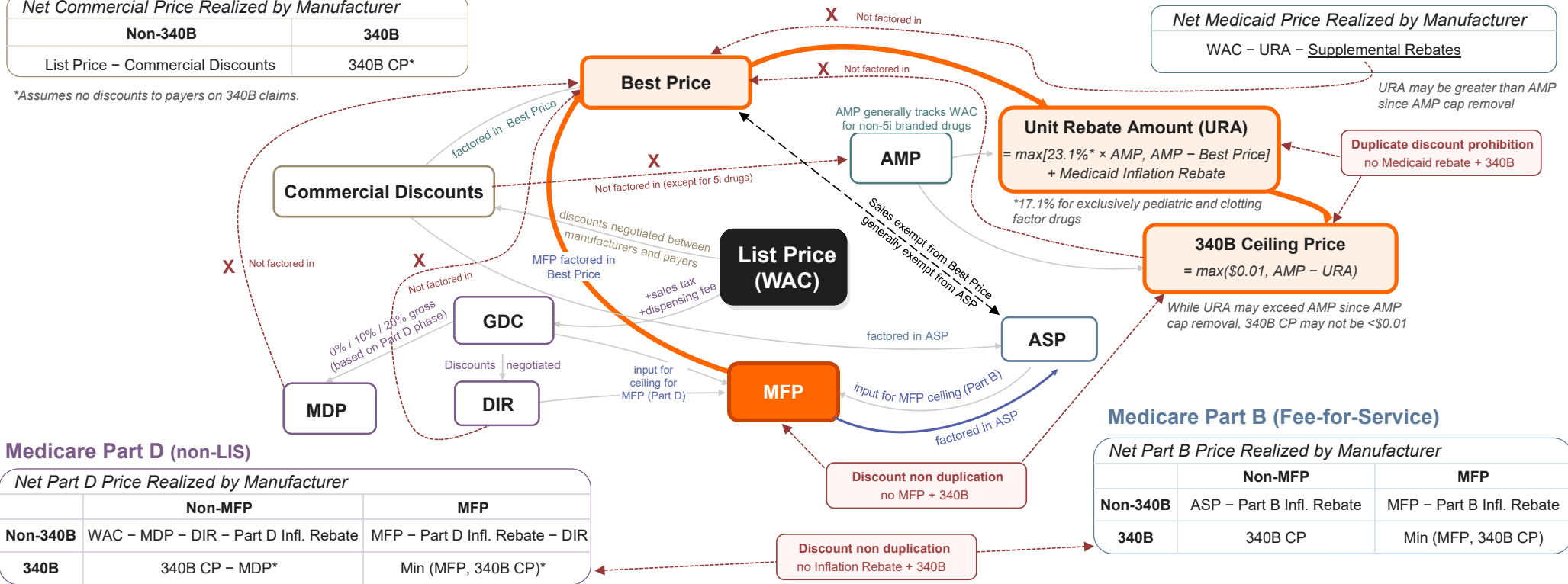
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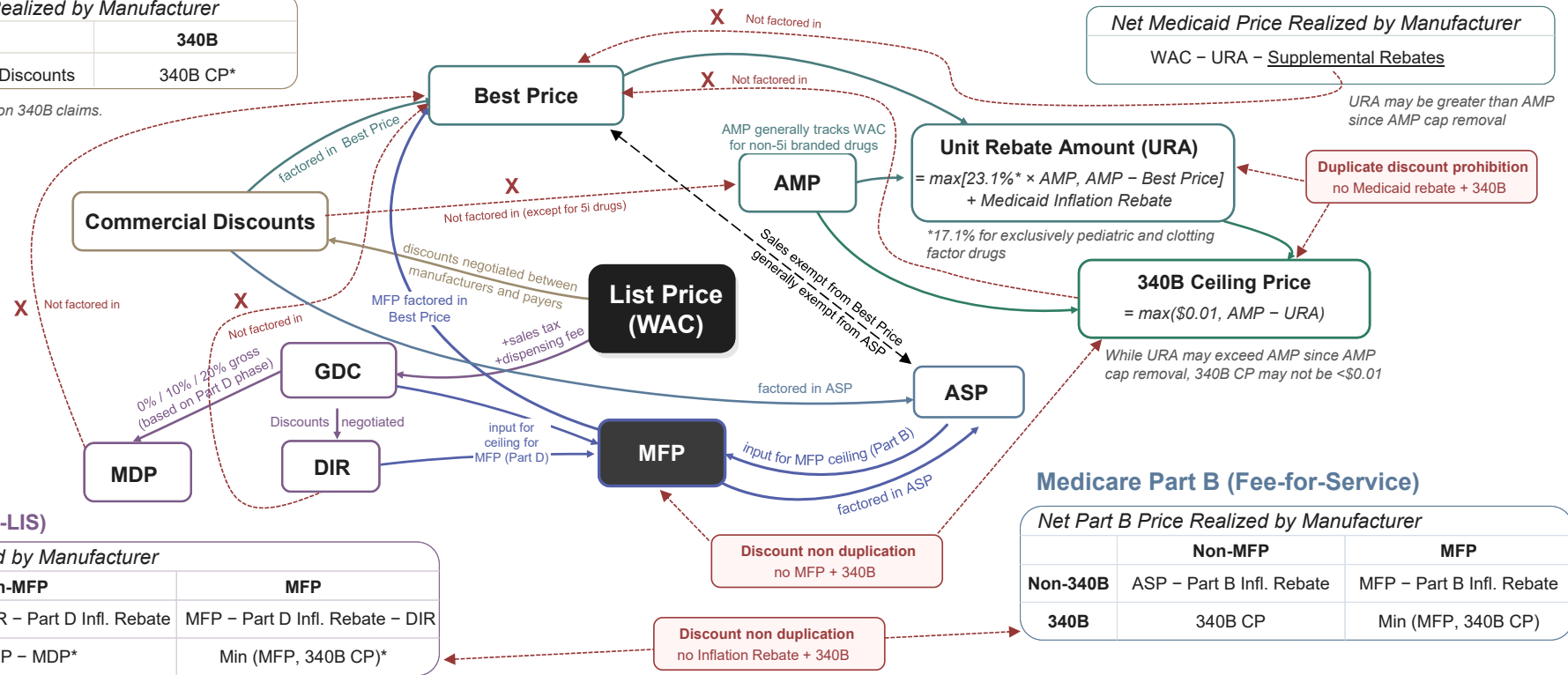
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