

Uncovering Prescription Drug Pricing: Insights from Payer Price Transparency Regulations



Pajerowski W, Brennan N, Prasad S, Clarify Health Solutions, San Francisco, CA, USA

Research Objectives

Despite a regulatory delay in the requirement that US payers publicly post negotiated prices for prescription drugs, some payers have chosen to make this information available. The objective of this study was to assess the availability and utility of net pharmaceutical pricing data posted by commercial payers in response to the CMS Transparency in Coverage rule. Prescription drug price transparency is a critical topic for health economics and outcomes researchers in the life sciences industry. Real-world evidence analyses involving newly available price transparency data can shed light on pricing strategies, market access, and drug affordability. By assessing cost-effectiveness and value-based pricing with this data, researchers may contribute to balancing patient access, innovation, and sustainable growth, ultimately fostering collaboration among industry stakeholders for fair, patient-centric pricing models.

Data

Effective July 1, 2022, the Transparency in Coverage now requires payers to maintain their own publicly available machine-readable files detailing negotiated prices negotiated with hospitals, health systems and other providers. This is allowing greater insights into costs of care across multiple aspects of the US health system. Clarify Health has compiled this publicly available data from 65 national and regional payers as of February 2023, including United Healthcare, Cigna, Aetna CVS, Humana, and multiple Blue Cross Blue Shield (BCBS) payers, and is combining with health insurance claims data. Presented analyses focus on two national payers (Payer A and Payer B) reporting negotiated rates for prescription drugs in price transparency data.

Methods

This descriptive analysis assesses the availability of negotiated prescription drug rates and their applications. From national drug codes (NDCs), we categorized drugs into therapeutic categories using both Generic Product Identifiers (GPIs) from the Wolfers-Kluwer Medi-Span database and Pharmacy Quality Alliance (PQA) groupings. Clarify commercial and Medicaid prescription drug claims were used to assess claims volume. Summary statistics highlight both the availability of net pricing information as well as differences in pricing by therapeutic category and across payers. Estimation of average net prices for specific drugs and across categories highlights the high negotiated rates of multiple drug categories and specific therapies.

Acknowledgements

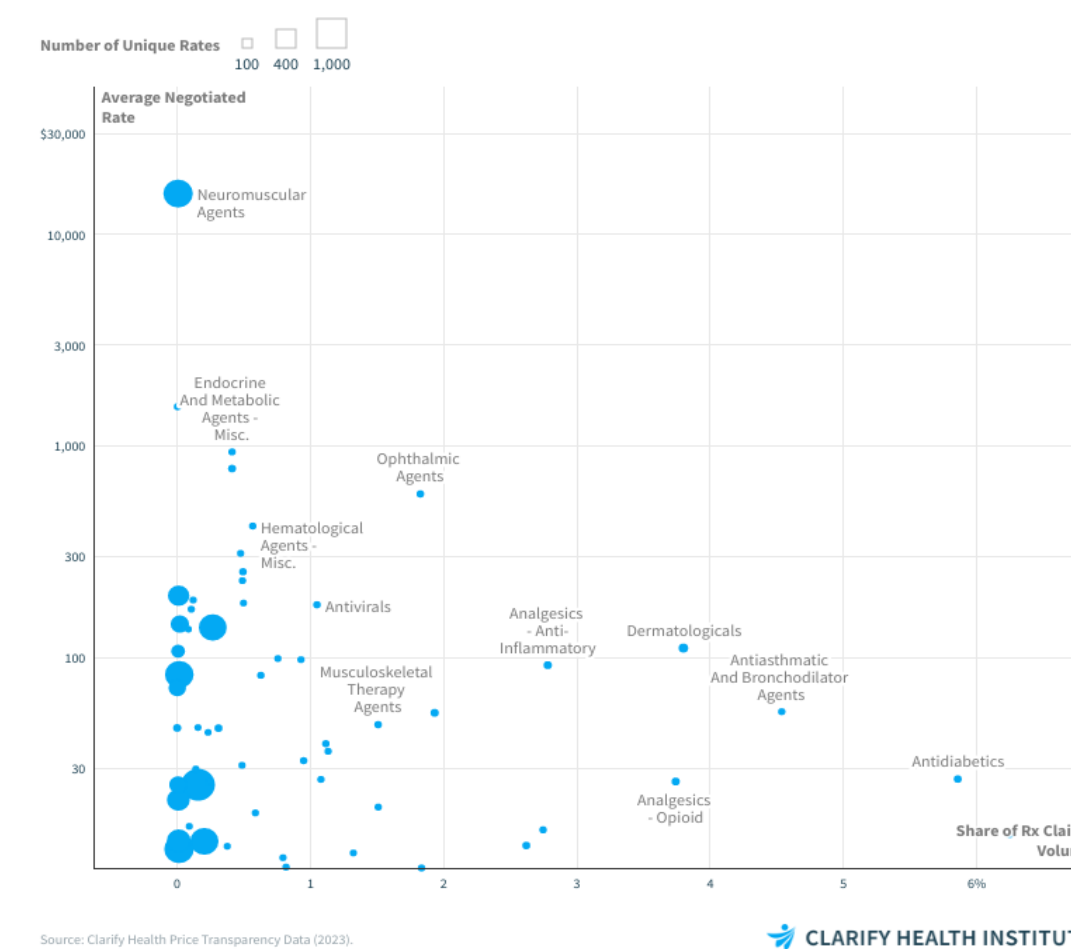
A broad, multidisciplinary team at Clarify Health compiled, enriched, and analyzed the price transparency and claims data utilized in presented analyses.

Results

Table 1: Cross-Payer Comparison of Top Ten Highest Priced Drugs

Drug Name	Indicated Use	Payer A Average Rate	Payer A Unique Rates	Payer B Average Rate	Payer B Unique Rates	Average Rate Difference
Onasemnogene Apeparovvec-Xioi	Gene therapy for spinal muscular atrophy (SMA)	\$2,134,500	6	\$2,499,681	6	\$365,181
Voretigene Neparovvec-Rzyl	Gene therapy for inherited retinal disease (IRD)	\$848,868	3	\$997,006	2	\$148,138
Tisagenlecleucel	CAR-T for certain types of leukemia and lymphoma	\$457,425	1	\$596,469	2	\$139,044
Lisocabtagene Maraleucel	CAR-T for diffuse large B-cell lymphoma (DLBCL)	\$385,894	6	\$481,511	2	\$95,618
Lumasiran	RNAi for primary hyperoxaluria type 1	\$114,206	3	\$132,615	2	\$18,408
Autologous Cultured Chondrocytes	Cellular therapy to repair damaged cartilage	\$52,209	9	\$59,093	3	\$6,883
Lutetium Lu 177 Dotatate	Radiopharmaceutical for neuroendocrine tumors (NETs)	\$52,006	9	\$62,792	2	\$10,787
Teduglutide	GLP-2 analog for short bowel syndrome (SBS)	\$49,436	2	\$50,207	2	\$771
Histrelin Acetate	GnRH agonist for prostate cancer and central precocious puberty	\$46,345	8	\$52,794	2	\$6,449
Ranibizumab	Monoclonal antibody for age-related macular degeneration	\$45,396	1	\$46,800	1	\$1,404

Figure 1: Average Negotiated Rate by GPI-2 Category and Share of Rx Claims Volume



References

Teasdale B, Nguyen A, van Meijgaard J, Schulman KA. Trends and Determinants of Retail Prescription Drug Costs. Health Serv Res. 2022 Jun;57(3):548-556. doi: 10.1111/1475-6773.13961. Epub 2022 Mar 24.

Feldman WB, Rome BN, Brown BL, Kesselheim AS. Payer-Specific Negotiated Prices for Prescription Drugs at Top-Performing US Hospitals. JAMA Intern Med. 2022 Jan 1;182(1):83-86. doi: 10.1001/jamainternmed.2021.6445.

Results

Two national payers have released prescription drug rates, including commercially negotiated rates for 56,760 and 198,242 unique NDC codes respectively for Payer A and Payer B. Reflecting 345.6 million and 230.8 million negotiated rates, respectively, net pricing for a prescription drug averaged \$134 and \$640 and was widely distributed (standard deviation \$12,029 and \$32,429). For both payers, the top ten highest priced drugs consisted mainly of branded single and short-term (SST) therapies (see Table 1). These ten therapies have average negotiated rates ranging from \$45,396 to \$2.5 million. Negotiated rates for these therapies were consistently higher for one of the payers, with cross-payer differences ranging from \$771 to \$365,181.

Additional analyses aggregating to GPI-2 and PQA drug categories highlights the substantial variation across negotiated pricing. Figure 1 presents the weak negative correlation between negotiated rates and claims volume across GPI-2 categories. Figure 2 presents average pricing differences between the two payers by PQA category, again estimating lower average rates for Payer A for most therapeutic classes.

Conclusion

Prescription drug prices negotiated by payers are not yet required for release under the Transparency in Coverage regulations, but are nonetheless beginning to appear in publicly released data. Increased reporting efforts have the potential to inform the industry regarding historically concealed negotiated rates for prescription drugs, highlighting pricing tiers, cross-drug variation, and differences across payers.

Contact Information

William Pajerowski, PhD
 Clarify Health Institute, Clarify Health Solutions
bill.pajerowski@clarifyhealth.com

Niall Brennan, MPP
 Chief Analytics and Privacy Officer, Clarify Health Solutions
niall@clarifyhealth.com

Sapna Prasad, MSc, PhD
 Clarify Insights, Clarify Health Solutions
sapna@clarifyhealth.com

