

Telling the Story: Reporting Drug Price Data

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NASHP model legislation

- **Specifies what entities must report**
 - Insurance issuers
 - Manufacturers
 - PBMs/wholesalers
- **Specifies what data each entity must report**
- **Specifies penalties for reporting entity noncompliance**
- **Provides for data protection**
- **Requires hearings and public reporting**

Why the NASHP model legislation buildout?

- **Build comparable knowledge across states**
- **Minimize reporting burden**
- **Maximize potential for data sharing among states**
- **Leverage information across states**

Identifying drugs of interest

- **Insurer reporting:**
 - High total spend
 - High year over year change in total spend
 - High total spend per user
 - High year over year change in total spend per user
- **Manufacturer reporting (60 days prior to):**
 - 20% increase in Wholesale Acquisition Cost (WAC) of a brand-name drug over 12 months
 - 200% increase in WAC of a generic drug priced at \$100 or more per WAC unit, over 12 months
 - Introducing a new drug priced at \$670 per WAC unit or more

What do you want to know about these drugs?

- **Start at the end: what information do you want to report out?**
 - **By drug, by specified drug group?**
 - **In your state? Nationally?**
- **What are the minimum data you need to report that information? This is defines the reporting template.**

Manufacturer reporting

What do you want to know about each drug?

- **What has been the change in the base price (WAC)?**
- **How much of the market is in this state: what is the revenue in this state as share of national revenue? How has it changed?**
- **What is the revenue per WAC unit in this state? How does it compare to the national average? How has it changed?**
- **What is the profit per unit? How has it changed?**
- **How do costs and profit compare with revenue after rebates?**

Manufacturer reporting

What do you need the manufacturer to report?

- For each drug, projected current year and each of the past 4 years:
 - Wholesale acquisition cost (WAC)
 - Sales revenue in this state
 - Sales volume in this state in WAC units
 - U.S. sales revenue
 - U.S. sales volume in WAC units
 - Manufacturer's U.S. profit
- For each drug, current-year costs
 - Production costs
 - Research and development costs
 - Other company-level capital expense
 - Financial assistance to consumers
 - Rebates to pharmacy benefit managers (PBMs) and others
 - Marketing and advertising expenditures
 - Other administrative expense

Map the supply chain to understand spend

- **Consistent concepts across reporting entities**
 - What units?
 - **Standard accounting concepts**
 - U.S. code definitions
 - Generally Accepted Accounting Principles (GAAP)
- **Consistent levels of reporting**
 - State v. national
 - Specific drugs v. book of business
- **Again, start at the end**
 - For the drugs you have identified, what information do you want to report out?
 - What are the minimum data you need to report that information?

PBM/wholesaler reporting

What do you want to know about each drug?

- **What is the PBM/wholesaler cost before manufacturer rebates and price concessions? Has it changed?**
- **What is the amount of negotiated rebates and price concessions from the manufacturer? Has it changed overall? By payer type?**
- **What is the amount of retail discounts, price concessions, and fees paid to pharmacies/other retailers? Has it changed?**
- **What is the amount of PBM/wholesaler margins and fees? Has it changed overall? By payer type?**

PBM reporting

What do you need PBMs/wholesalers to report?

Last year and this year, for drugs specified by the state agency:

- **Minimum and maximum WAC in the past year related to prescriptions under an insurance policy issued in the State**
- **Number of WAC units negotiated directly with the manufacturer for business in the State, total and for each payer type**
- **Total rebates, discounts, or price concessions received or negotiated directly with the manufacturer for business in the State, total and for each payer type**
- **Total discounts, dispensing fees, and other fees paid or allowed to pharmacies, prescription drug networks, or pharmacy services administrative organizations for business in the State, total and for each payer type**
- **Total net income received in the last calendar year for business in the State, total and for each payer type**

Monitoring data quality

- **Upstream incentives for reporting entities to get it right: reported data become good only when used**
 - **NASHP's model legislation specifies agency obligation to report out**
- **Agency authority and resources to follow up when reported data are not credible**

Transparency: public reporting to constrain drug prices

- **Sentinel effects on manufacturers and PBM/wholesalers**
- **Information for consumers and development of drug formularies**
- **Information for state policy: it's not always “the other guy”**

NASHP resources for reporting drug price data

- <https://nashp.org/drug-price-transparency/>
- **Comprehensive Transparency Model Legislation**: This bill includes language detailing the data components. Download the following reporting templates to capture the data required:
 - [Manufacturer Report for New Drugs](#)
 - [Pharmacy Benefit Managers Report](#)
 - [Wholesale Drug Distributor Report](#)
 - [Insurance Issuer Report](#)
- **Enabling Transparency Model Legislation**: This version of the transparency model legislation does not have the provisions that detail the data components.
- **Transparency Model Legislation Q&As**