

ANNUAL PHARMA PRICING & MARKETING CONGRESS

&

International Conference on NANOSCIENCE AND TECHNOLOGY

September 24-25, 2018
Dubai, UAE

Financial influence of alternative pricing methods for drugs in California workers' compensation system

Fatema Turkistani^{1,2}, Wei Huang¹, Dang M Tran¹, Tracy Kuo Lin^{1,3} and Leslie Wilson¹

¹University of California San Francisco, USA

²Taibah Universities, Saudi Arabia

³London School of Economics and Political Science, UK

California's Workers' Compensation Systems (CAWCS) questioned adequacy of the current Medi-Cal pricing benchmark and requested analysis of alternatives that maximize price availability and maintain access and budget neutrality. Objectives: To compare CAWCS drug prices under alternative fee schedules, and identify efficient alternative benchmarks which improve price availability. Methods: Claims transaction-level data (2011-2013) from (CAWCS) were used to estimate total annual pharmaceutical costs. Medi-Cal pricing data was from WCIS. Average Wholesale Prices (AWP), Wholesale Acquisition Costs (WAC), Direct Prices (DP), Federal Upper Limit (FUL) prices, and National Average Drug Acquisition Costs (NADAC) were from Medi-Span; matching NDCs, pricing dates, and drug quantity. We report pharmacy dispensed (PD) claims frequency, reimbursement matching rate, and paid costs by CAWCS as the reference price against all alternative price benchmarks. Results: Of 20,373,477 claims submitted to CAWCS, 12,529,977 were for pharmaceutical products and 11.6% (1,462,814) of these were for PD. Prescription drug cost for CAWCS was over \$152M; \$63.9M, \$47.9M, and \$40.6M in

2011-2013. Ninety seven percent of these CAWCS PD claims had a Medi-Cal price. Alternative mechanisms provided a price for fewer claims; NADAC 94.23%, AWP 90.94%, FUL 73.11%, WAC 66.98%, and DP 14.33%. Among CAWCS drugs with no Medi-Cal price in PD claims, AWP, WAC, NADAC, DP, and FUL provided prices for 96.7%, 63.14%, 24.82%, 20.83%, and 15.08% of claims. Looking at the percentages of amount paid by CAWCS compared to different pricing benchmarks; overall CAWCS paid as 100.52% of Medi-Cal, 60% of AWP, 97% of WAC, 309.53% of FUL, 103.83% of DP, and 136.27% of NADAC. Conclusions: CAWCS current Medi-Cal coverage for PD drugs is better than all alternatives, so alternative reimbursement approaches would require combinations of pricing benchmarks. We would suggest keeping the reimbursement at 100% of Medi-Cal and for drugs are not covered by a Medi-Cal payment system, calculating the maximum fee as 60% of AWP. For drugs not covered by either Medi-Cal or AWP, calculating the maximum fee as 97% of WAC is suggested.

Dr_fatema_turkistani@hotmail.com