 **Understanding the Role of Rebates in Prescription Drug Pricing |**
Drug Supply Chain, Rebates in Relationship to Costs and Access

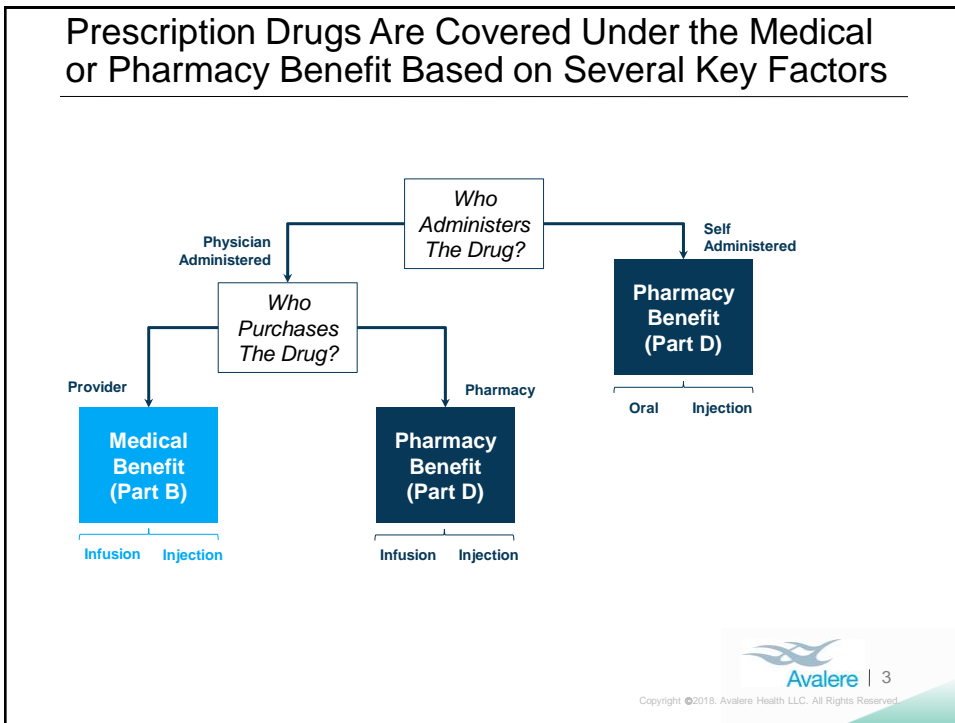
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Presentation Outline

- Drug Benefit Categories
- Drug Payment Methodologies
- Key Stakeholders Involved in the Drug Distribution and Reimbursement System
- Drug and Payment Flow Examples under Pharmacy Benefit




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Various Drug Pricing Methodologies May Be Used for Drug Reimbursement

WAC	ASP	AWP
Wholesale Acquisition Cost	Average Sales Price	Average Wholesale Price
<ul style="list-style-type: none"> The only drug pricing type defined in regulations It is the list price from a manufacturer to a wholesaler / direct purchaser without discounts Often used as the base price for rebate negotiations under pharmacy benefit 	<ul style="list-style-type: none"> Weighted average unit price paid to the manufacturer for a drug in the US Reported by the manufacturer to CMS and includes most discounts and rebates Used often by Medicare and commercial payers to reimburse drugs under medical benefit 	<ul style="list-style-type: none"> Originally intended to convey real pricing information to third-party payers Not a government-regulated figure and does not include buyer volume discounts or rebates
Part B, Part D Medical, Pharmacy Benefit	Part B Medical Benefit	Part B, Part D Medical, Pharmacy Benefit

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