



Center for Medicaid and CHIP Services

CMCS Informational Bulletin

DATE: May 31, 2012

FROM: Cindy Mann, Director
Center for Medicaid and CHIP Services (CMCS)

SUBJECT: **Medicaid Pharmacy – Survey of Retail Prices**

The Centers for Medicare & Medicaid Services (CMS) is pleased to announce the launch of the second part of its Medicaid drug survey of retail prices, which will provide information to help States ensure that their outpatient drug purchasing is efficient. CMS, through its contractor, Myers and Stauffer, LC will conduct a monthly survey of retail community pharmacy prescription drug prices and generate a National Average Drug Acquisition Cost (NADAC) pricing file that we expect will be available to States.

The first part of the survey (Part I) focuses on the retail community pharmacy consumer prices and provides for the calculation of the monthly national retail community pharmacy prices of covered outpatient drugs.

The second part of this survey (Part II), which will begin in June, will focus on the retail community pharmacy ingredient costs. This will provide for a survey of the acquisition costs of covered outpatient drugs purchased by retail community pharmacies, which will include purchase prices derived from independent community pharmacies and chain pharmacies. CMS intends to start surveying pharmacies beginning on June 1, 2012. We will survey approximately 2000- 2,500 pharmacies each month. Pharmacies will be randomly selected from all fifty States and Washington, DC. The NADAC prices will be updated on at least a monthly basis or as pricing changes occur throughout the month. Please note that we are not including specialty pharmacies in the survey at this time. We will continue to evaluate the inclusion of specialty pharmacies and make a subsequent determination whether specialty pharmacies will be included in the survey.

We will also collect State payment and utilization rates, and compare State drug payment rates for the 50 most widely prescribed drugs with the national retail sales price data.

CMS anticipates that the NADAC files will give State Medicaid agencies covered outpatient drug information regarding retail prices for prescription drugs. State Medicaid agencies will be able to use this information to evaluate their own pricing methodologies and compare payments to those derived from this survey.

CMS has included external stakeholders in the development stages of the NADAC to ensure that the process has been implemented appropriately and transparently. The first Stakeholders' Meeting occurred on August 4, 2011 in which representatives from pharmacy associations, wholesalers, and States attended to learn about the survey and NADAC collection process.

A methodology document titled Part II: Draft Methodology for Calculating the National Average Drug Acquisition Cost (NADAC) has been developed to outline the processes used to derive the NADAC and can be found at <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Downloads/NADACDraftMethodology.pdf>. Comments are welcome; please send comments no later than June 21, 2012 to RPS@cms.hhs.gov. CMS will host a follow-up webinar with interested stakeholders to review the methodology developed for the consumer price and NADAC calculations, and hopes to host a subsequent webinar to review the initial survey results. We are committed to a process that ensures accuracy through transparency, stakeholder engagement and continuing improvement.

Please see our Survey of Retail Prices webpage at <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Survey-of-Retail-Prices.html> or further information. Should you have any questions, please contact Joseph Fine at (410) 786-2128 or RPS@cms.hhs.gov.