DISCUSSION ON THE COST OF PAIN MEDICATIONS

National Academies of Sciences, Engineering, and Medicine
September, 2019

A.J. Day, PharmD
Vice President of Clinical Services
PCCA

Overview

- **<u>Acquisition cost</u>**: price for the compounding pharmacy to acquire the commercial product from wholesalers
  - Volume of business conducted with the wholesaler
    - Large volume yields preferential pricing structures
    - Some compounding pharmacies are not eligible for contracts with certain wholesalers based on volume of commercial products dispensed
- **<u>Sales price</u>**: cash price charged to patient or agent of patient
- Factors that influence sales price (not an exhaustive list):
  - Facility maintenance
  - Staff training
  - Cost to dispense
    - Dispensing containers
    - Labels
    - Printers
    - Labor
    - Clinical database resources
    - Compounding supplies
  - Quality assurance testing & verification

Overview

- Participating compounding pharmacies represent geographic and business model diversity
- Number of pharmacies participating: 16 (though some did not answer all survey questions)
  - Participation is anonymous
- Conventionally manufactured, FDA-approved acquisition cost is determined by wholesaler contracts with each individual pharmacy
- All prices shown reflect cash payment. Insurance contracts vary widely and can influence final out-of-pocket pricing to patients
- It is suspected that the minimum price reported in some survey responses may be artificially low, possibly due to respondents entering data for the cost of 1 unit as opposed to a 30-day supply, or for respondents submitting acquisition cost for a minimum order quantity (1 box vs. 30-day supply), or for data entry error (misplaced decimal)

Outcomes

- Median acquisition costs and sales prices are reported to eliminate bias from high & low outliers, as well as data entry errors
- The spread between acquisition cost and sales price does **<u>not</u>** reflect profit to the pharmacy
  - This report does not aim to explain pharmaceutical drug pricing, it simply states the costs and prices of a sample of medications from a sample of pharmacies in the USA
- Generally sales prices for compounded prescriptions are lower than those for commercial products across HRT and pain categories in the pharmacies surveyed
- API in the compounds are not identical to the API in commercial products evaluated
  - Prohibitions on compounding an essential copy of a commercial product per DQSA
  - Despite the differences in formulations, the clinical targets appear to be comparable based on formulation composition

Notes

- Data includes screenshots from a single pharmacy's wholesaler portal
- Median acquisition costs and sales prices represent data from 16 participating pharmacies, inclusive of the pharmacy that provided screenshots

Commercial Lidocaine/Prilocaine Topical Cream

- Acquisition cost
  - Maximum: $46.07
  - Average: $17.98
  - Median: $9.26
  - Minimum: $6.00

- Sales price
  - Maximum: $69.07
  - Average: $41.07
  - Median: $47.05
  - Minimum: $16.50

PRODUCTS FOR PAIN MANAGEMENT

Commercial Diclofenac 1% Gel

- Median Acquisition Cost $50.48

- Median Sales Price $59.09

Commercial Lidocaine 2.5%/Prilocaine 2.5% Cream

- Median Acquisition Cost $9.26

- Median Sales Price $47.05

Commercial Diclofenac 1.3% Patch

DICLOFENAC EPOLAMINE TOP 1.3%

Brand Equivalent: FLECTOR 1.3%
NDC: 00093322555 | UPC: 300933225557
Item: 329345

Size: 30
Form: PATCH
Manufacturer: TEVA

INV PRICE	EST. NET PRICE	PER UNIT
$225.19	$225.19	$7.5063

BUY 6	BUY 12	BUY 24
$218.43	$211.67	$202.67

[1] ADD

Product will not ship until next business day

PRODUCT DETAILS

Country of Origin: Italy   **AWP Price:** $ 425.18

- Median Acquisition Cost $242.47

- Median Sales Price $364.26

Commercial Oral Pain Medications

- Acquisition Cost
  - Maximum $330.76
  - Average $56.92
  - Median $12.13
  - Minimum $5.64

- Sales Price
  - Maximum $399.98
  - Average $93.25
  - Median $52.82
  - Minimum $19.90

- Medications included
  - Acetaminophen No.3
  - Generic Morphine
  - Hydrocodone/Acetaminophen
  - Oxycodone
  - Norco
  - Tramadol

Due to the lack of uniformity for the oral pain medications dispensed, the data in this slide does not provide meaningful insights to the Committee's questions about the cost of medications.

Additonal Commercial Product Information

Name	Strength	Brand Cost	Generic Cost	Sales Price (brand and then generic)
Lyrica (Pregabalin)	25mg-300mg (same Price for all)	$681.85/#90	$19.27/#90	$750/#90 $50/#90
Neurontin (Gabapentin)	300mg	$541.78/#100	$6.74/#90	$595/#100 $45/#100
Elavil (Amitriptyline)	50mg	N/A	$30.70/#100	$60/#100

Survey for Compounded Formulations

Compounded Products

2. Compounded RX - Please provide 1 to 3 examples of your Top Compounded HRT RXs your pharmacy dispenses and 1 to 3 examples of your top Compounded Topical Pain Rxs and the Price of a Single 30 Day supply.

Compounded HRT

	Formula Name	Patient Price (Single 30 Day RX)
Compounded HRT Example 1		
Compounded HRT Example 2		
Compounded HRT Example 3		

Compounded Pain Products

	Formula Name	Patient Price (Single 30 Day RX)
Compounded Topical Pain Example 1		
Compounded Topical Pain Example 2		
Compounded Topical Pain Example 3		

Back   Submit

67%

Compounded Formulation Costs

- Median Sales Price
  - Compound 1 $95.00

  - Compound 2 $93.32

  - Compound 3 $82.50

- Formulations include: amitriptyline, ketoprofen, gabapentin, clonidine, tetracaine, baclofen, lidocaine, cyclobenzaprine, diclofenac, prilocaine, ketamine

- Dosage form: creams

Compounded Formulation Insights

43 total formulas submitted

Patients are generally started on formulas with 1, 2, or 3 API

- 8 formulations contained only 1 API   (18.6%)
- 11 formulations contained 2 API   (25.6%)
- 9 formulations contained 3 API   (20.9%)

Complex formulas reserved for complex patient cases needing long-term pain management

- 7 formulations contained 4 API   (16.3%)
- 5 formulations contained 5 API   (11.6%)
- 3 formulations contained 6 API   (7%)

DISCLAIMER

- The data presented in these slides does not seek to represent pricing or formulations for the compounding industry or PCCA member pharmacies

- These slides do not provide a comprehensive assessment of the factors that impact medication pricing.

- Compounded formulations are developed based on clinical need of the patients served by the compounding pharmacy. Formulations and prices may not be applicable to other pharmacies.

THANK YOU