PART ONE

MAJOR INSURANCE MARKETS IN THE UNITED STATES

This infographic emphasizes the major insurance markets for branded drugs in the US. There are other insurance markets (e.g., VA) that are not emphasized here.

COMMERCIAL MARKET

Includes employer-sponsored plans, private individual and family plans, and plans purchased through the Affordable Care Act (ACA) marketplace.

~55% of Population

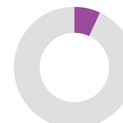
~36% of Net Drug Spending

Financed by premiums paid for by the employer and/or beneficiary and taxes (for some ACA marketplace plans).

MEDICAID

Provides coverage for low-income adults, children, people with disabilities, and pregnant women.

~20% of Population



~7% of Net Drug Spending

Financed by a combination of federal and state taxes.

MEDICARE

Provides coverage for adults who are 65 years and older, people with disabilities, and people with specific conditions (e.g., end-stage renal disease).

~20% of Population

~50%+ of Net Drug Spending

Financed by payroll taxes, general taxes, and premiums paid for by the beneficiary.

PART B
Drugs administered by a provider

PART D
Drugs dispensed by a pharmacy

We created this infographic based on the content discussed during the *Perspectives* podcast episode with Dr. Inma Hernandez. Listen to the full episode for a deeper dive.

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PART TWO

BRANDED DRUG PRICING IN EACH MARKET

This infographic is a general overview of how the net price realized by the drug's innovator is established in each major US insurance market. Listen to the podcast episode to hear how 340B and a Maximum Fair Price factor into this.

INSURANCE MARKET	HOW THE NET PRICE REALIZED BY THE INNOVATOR IS ESTABLISHED
COMMERCIAL MARKET	The list price set by the innovator minus the rebates negotiated with the insurers for coverage and formulary placement.
MEDICAID	The list price set by the innovator minus the statutory rebate (combination of a base rebate and an inflation rebate) minus any state-level supplemental rebates. The base rebate is whichever is higher: 23% of the list price or the list price minus the lowest price offered in the commercial market.
MEDICARE	**Part B:** The Average Sales Price (ASP) minus any inflation rebates. The ASP is a volume-weighted average price that includes discounts, rebates, etc. to all purchasers. **Part D:** The list price set by the innovator minus direct and indirect remuneration (e.g., negotiated rebates) minus an inflation rebate minus discounts from the manufacturer discount program (MDP). The MDP discount depends on the insurance plan benefit phase (e.g., deductible, initial, catastrophic).

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Disclosures

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