

Revised October 1, 2014

## **AWP Policy**

The Average Wholesale Price (AWP) as published by Truven Health Analytics™ is in most cases the manufacturer's<sup>1</sup> suggested AWP and does not reflect the *actual* AWP charged by a wholesaler. Truven Health bases the AWP data it publishes on the following:

- AWP is reported by the manufacturer, **or**
- AWP is calculated based on a markup specified by the manufacturer. This markup is typically based on the Wholesale Acquisition Cost (WAC) or Direct Price (DIRP), as provided by the manufacturer, but may be based on other pricing data provided by the manufacturer, **or**
- Suggested Wholesale Price (SWP) is reported by the manufacturer

When the manufacturer does not provide an AWP, a markup formula from which AWP can be calculated, or an SWP, Truven Health will calculate the AWP by applying a standard 20% markup over the manufacturer supplied WAC. If a WAC is not provided, the standard markup will be applied to the DIRP.

When the manufacturer supplies an SWP, the Truven Health AWP for that drug will be the manufacturer's reported SWP, even if the manufacturer supplies either or both a WAC and DIRP. Consequently, the published AWP may be greater than a 20% markup over the manufacturer supplied WAC or DIRP.

Please note that Truven Health does not perform any independent analysis to determine or calculate the *actual* AWP paid by providers<sup>2</sup> to wholesalers. Truven Health also does not independently investigate the *actual* WAC paid by wholesalers to manufacturers or DIRP paid by providers to manufacturers. Truven Health relies on the manufacturers to report the values for these categories as described above.

Truven Health provides a list of the manufacturers that do not provide the AWP or a markup formula. The list of these manufacturers and products is available at <http://www.micromedex.com/products/redbook/awp/>

Additionally, an ASCII text file with this same information is available to download. For more information on this file and instructions on downloading, please contact Truven Health Technical Support at <http://www.micromedex.com/support/request/>

Please refer to this AWP Policy as you review the pricing information contained in the Truven Health products.

<sup>1</sup> The term "manufacturer" includes manufacturers, distributors, repackagers, and private labelers.

<sup>2</sup> The term "provider" includes retailers, hospitals, physicians, and others buying either from the wholesaler or directly from the manufacturer for distribution to a patient.