

## **Memorandum (May 25, 2022)**

**To:** The Pharmaceutical Research and Manufacturers of America

**From:** Rachel Hollander, Yaena Min, Kevin Kirby

**Subject:** Quarterly Changes in Average Sales Price (ASP) for Top Medicare Part B Drugs By Spending

### **Quarterly Changes in Average Sales Price (ASP) of Part B Medicines from Q1 to Q2, 2022**

We conducted an analysis of the 2022 Medicare Part B Quarterly Average Sales Price (ASP) Pricing File published by the Centers for Medicare and Medicaid Services (CMS) which contains the payment amounts used to pay for Part B covered drugs and biologics. The analysis includes the top 50 Part B drugs by total spending in 2020 that have ASP data in 2022. The purpose of this analysis was to replicate the CMS analysis of the trend in ASPs in the file and to determine the drivers of reductions. Overall, we find that the Part B products with the biggest decreases in ASP for the quarter are biosimilars or reference biologics with biosimilar competition.

#### **Findings**

##### **Key Drivers of ASP Changes**

- ASP decreased 7.5 percent or more between the first quarter 2022 and the second quarter 2022 for seven of the top 50 Part B drugs. Decreases in ASP for these seven drugs range from 7.5 percent (J1561, Gammaked) to 24.6 percent (J7605, Brovana<sup>1</sup>).
- Of these seven drugs with the greatest percentage decrease in ASP, one (J2778, Lucentis) has a biosimilar competitor, and two (Q5107, Mvasi and Q5111, Udenyca) are biosimilar products. In addition, these two biosimilars Mvasi (Q5107) and Udenyca (Q5111) have other biosimilar competitors.

#### **Overall Statistics**

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<sup>1</sup> Beginning in 2021 numerous generic competitors to Brovana entered the market.

- Comparing second quarter 2022 payment amounts with first quarter 2022 payment amount shows that, on average, payment amounts for the top 50 Part B drugs decreased by 1.7 percent.<sup>2</sup> This is consistent with results described by CMS in its analysis of the April 2022 ASP Drug Pricing Files update.<sup>3</sup>
- Adjusting for rounding, our analysis also matches the CMS finding that 32 drugs in Part B had a price change of 2% or less.<sup>4</sup>
- For 25 drugs, the price decreases from first quarter of 2022 to second quarter of 2022. This differs from the CMS analysis which counts the number of drugs with a price decrease at 26.
- For 6 drugs the price remains stable (0.0% percent change) from first quarter of 2022 to second quarter of 2022.<sup>5</sup>

## Methodology

We used the CMS ASP files to compare the ASP changes for each drug from the first quarter of 2022 to the second quarter of 2022. We used the Medicare Part B Spending by Drugs dataset published by CMS to determine the top 50 Part B drugs based on total Part B spending in 2020, the most recent year for which there is data available.

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<sup>2</sup> Neulasta (J2505) was the 8th drug based on 2020 total spending, but its coding shifted for 2022. Accordingly, we included the 51st drug (J0517) based on 2020 total spending in the analysis. If we include Neulasta instead of the 51<sup>st</sup> drug, based on the first and second quarters of 2022 ASP data for J2506, the average percent decrease changes from 1.7 percent to 1.8 percent.

<sup>3</sup> 2022 ASP Drug Pricing Files, CMS, [https://urlisolation.com/browser?clickId=78B8C20B-786C-49DC-9704-ADA3C7BCE0B7&traceToken=1652118739%3Bphrma\\_2\\_hosted%3Bhttps%3A%2Fwww.cms.gov%2Fmedicare%2Fmedi&url=https%3A%2F%2Fwww.cms.gov%2Fmedicare%2Fmedicare-part-b-drug-average-sales-price%2F2022-asp-drug-pricing-files](https://urlisolation.com/browser?clickId=78B8C20B-786C-49DC-9704-ADA3C7BCE0B7&traceToken=1652118739%3Bphrma_2_hosted%3Bhttps%3A%2Fwww.cms.gov%2Fmedicare%2Fmedi&url=https%3A%2F%2Fwww.cms.gov%2Fmedicare%2Fmedicare-part-b-drug-average-sales-price%2F2022-asp-drug-pricing-files).

<sup>4</sup> Matching the CMS analysis requires the inclusion of Vedolizumab with a 2.01 percent change in ASP.

<sup>5</sup> When looking at the percent change rounded to two decimal places.