

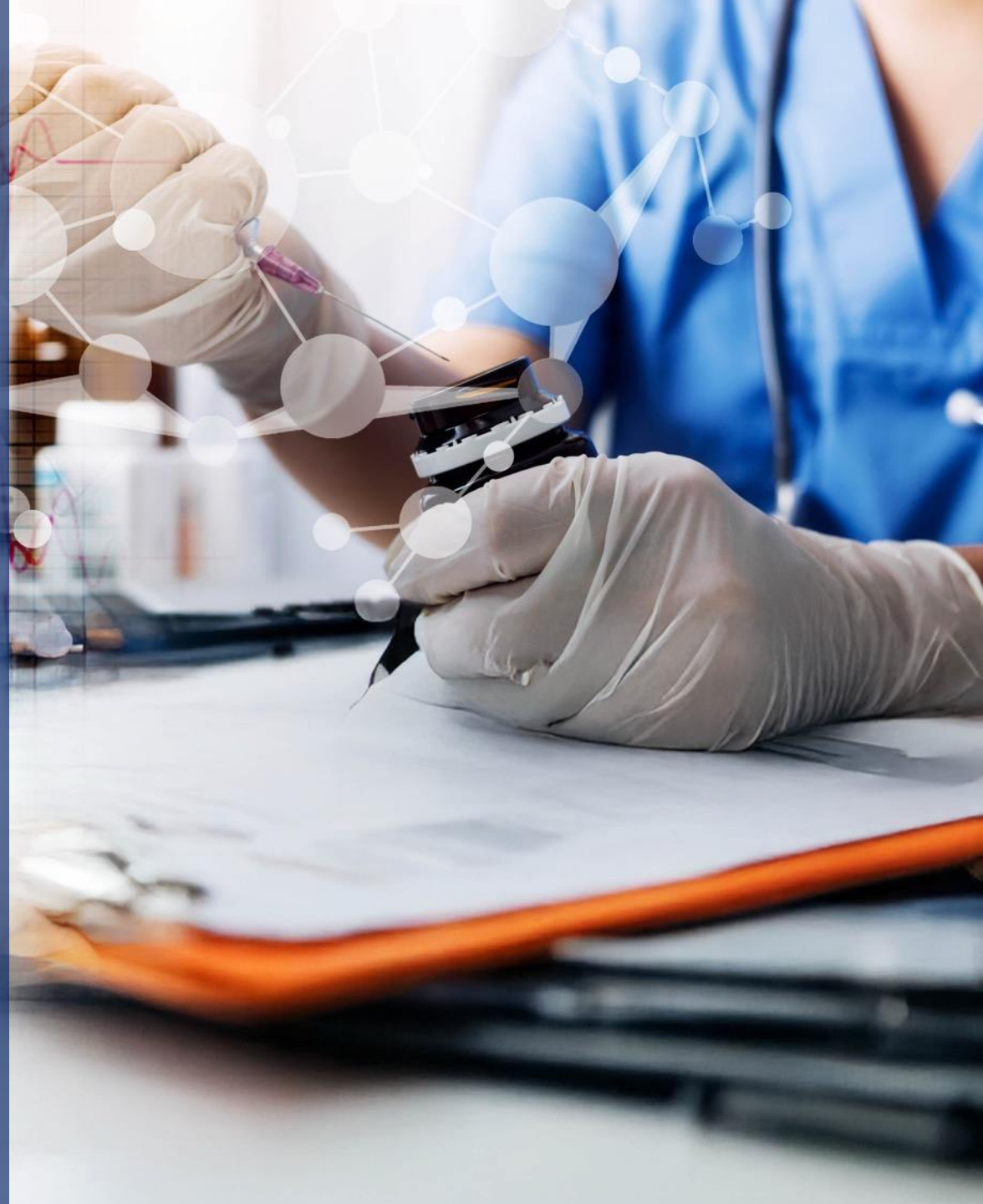
PUERTO RICO  
**Health Insurance**  
CONFERENCE 2026



# Rx Complexity as a Business Model: Why Drug Pricing is so Complicated

Drug Pricing Benchmarks & Distribution Model

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# The evolution of pricing benchmarks is one of the core structural reasons drug pricing has become so difficult to understand, regulate and compare.

## Legacy Era: WAC, AWP, and Early Caps

**WAC**

Reflected manufacturer list prices but lacked transparency on discounts and rebates affecting true costs.

**AWP**

AWP was the primary drug pricing benchmark, but it was publisher-defined and often set above actual costs.

**Speaking about Complexity & Accountability**

- WAC & AWP are attached to an NDC.
- Pre and Post Rollback litigation.

## Policy Shifts and newer Data-Driven Benchmarks are adopted, ASP & AMP and AWP declines...

**ASP**

The Medicare Modernization Act of 2003 mandated ASP adoption, improving pricing transparency and reducing reimbursements

**AMP**

Avg Manufacturer Price and basis for Medicaid

**AWP**

Litigation over nontransparent AWP markups led to reduced reliance on AWP and changes in pricing compendia.

**Difference between brands and generics in terms of NDCs.** For generics, multiple NDCs for the same drug. Meaning, multiple pricing for the same drug. The born of MAC pricing.

**Foundation for Modern Pricing** as the transition to ASP and AMP established modern transaction-based drug pricing and transparency models.

# Prior benchmarks did not reflect what pharmacies *actually paid* for drugs, so new acquisition-based pricing benchmarks emerged.

“Real-cost” benchmarks grounded in actual pharmacy purchasing patterns.

## NADAC

- NADAC was created to align drug reimbursement with actual pharmacy acquisition costs based on voluntary invoice surveys.
- Many states Medicaid programs adopted NADAC plus a dispensing fee, replacing older pricing methodologies like AWP-minus and WAC-plus.

## AAC

- State-specific AAC programs mandate cost reporting to create accurate acquisition cost benchmarks at the state level.

### Impact and Transparency Trends

NADAC influenced commercial payment reforms and promoted transparency and auditability in pharmacy reimbursement.



# Modern Federal Pricing Controls



# IRA Maximum Fair Price (MFP) and Inflation Rebates



- **Maximum Fair Price (MFP) Implementation**

The IRA establishes MFP as a ceiling price for select high-cost Medicare drugs, effective January 2026, with significant negotiated discounts.

- **Inflation-Based Rebates**

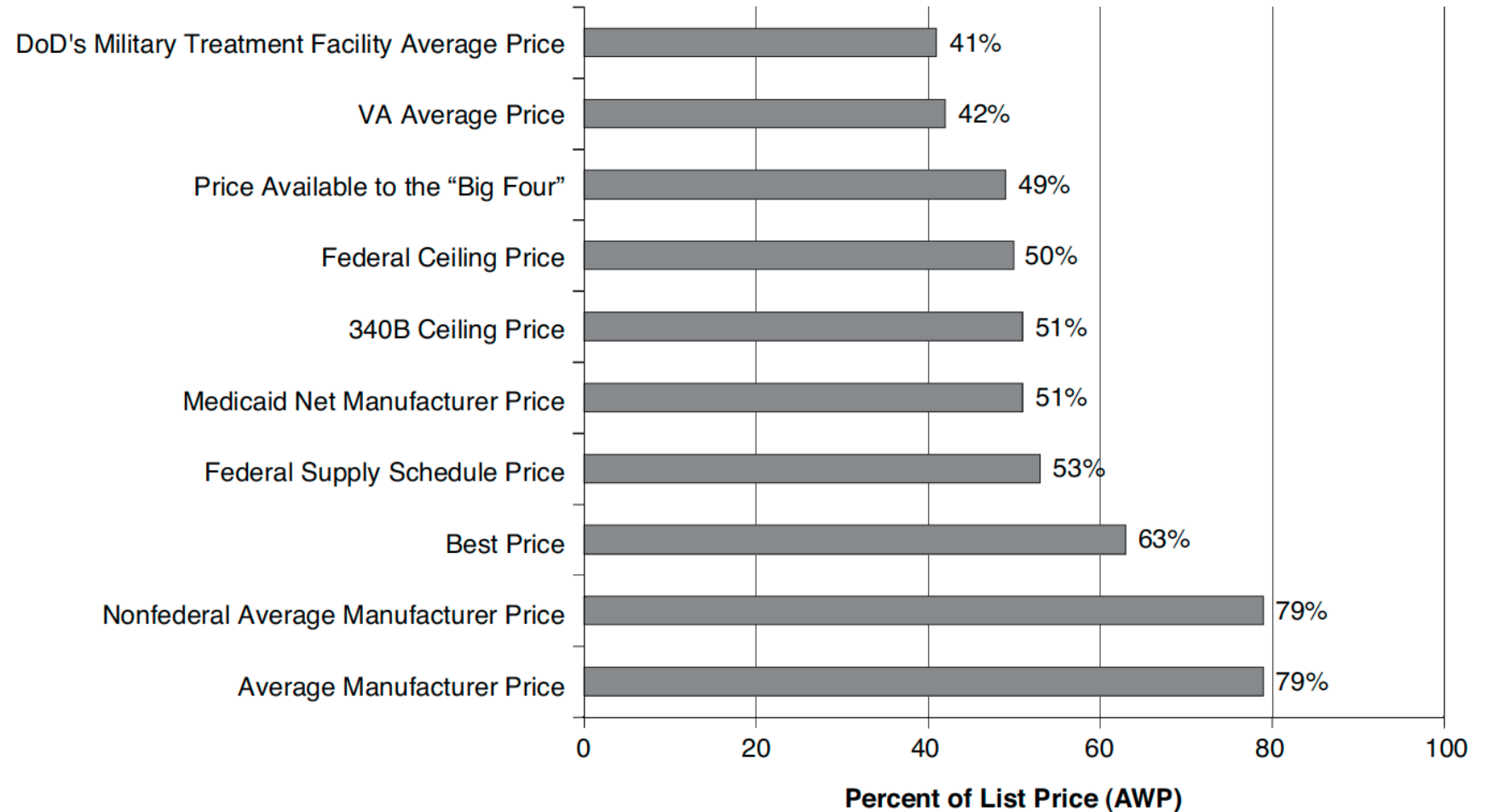
Manufacturers must rebate price increases exceeding CPI-U benchmarks, reducing costs and coinsurance for Medicare Parts B and D beneficiaries.

- **Impact on Pricing and Forecasting**

MFP and inflation rebates reshape manufacturer revenues and payer forecasting, influencing U.S. drug pricing and reimbursement models.

**Estimated Prices Paid to Manufacturers, Relative to List Price (AWP), for Brand-Name Drugs Under Selected Federal Programs**

# Comparison Among Benchmarks



Source: CBO. Prices for brand-name drugs under selected federal programs. June 2005.<sup>48</sup>

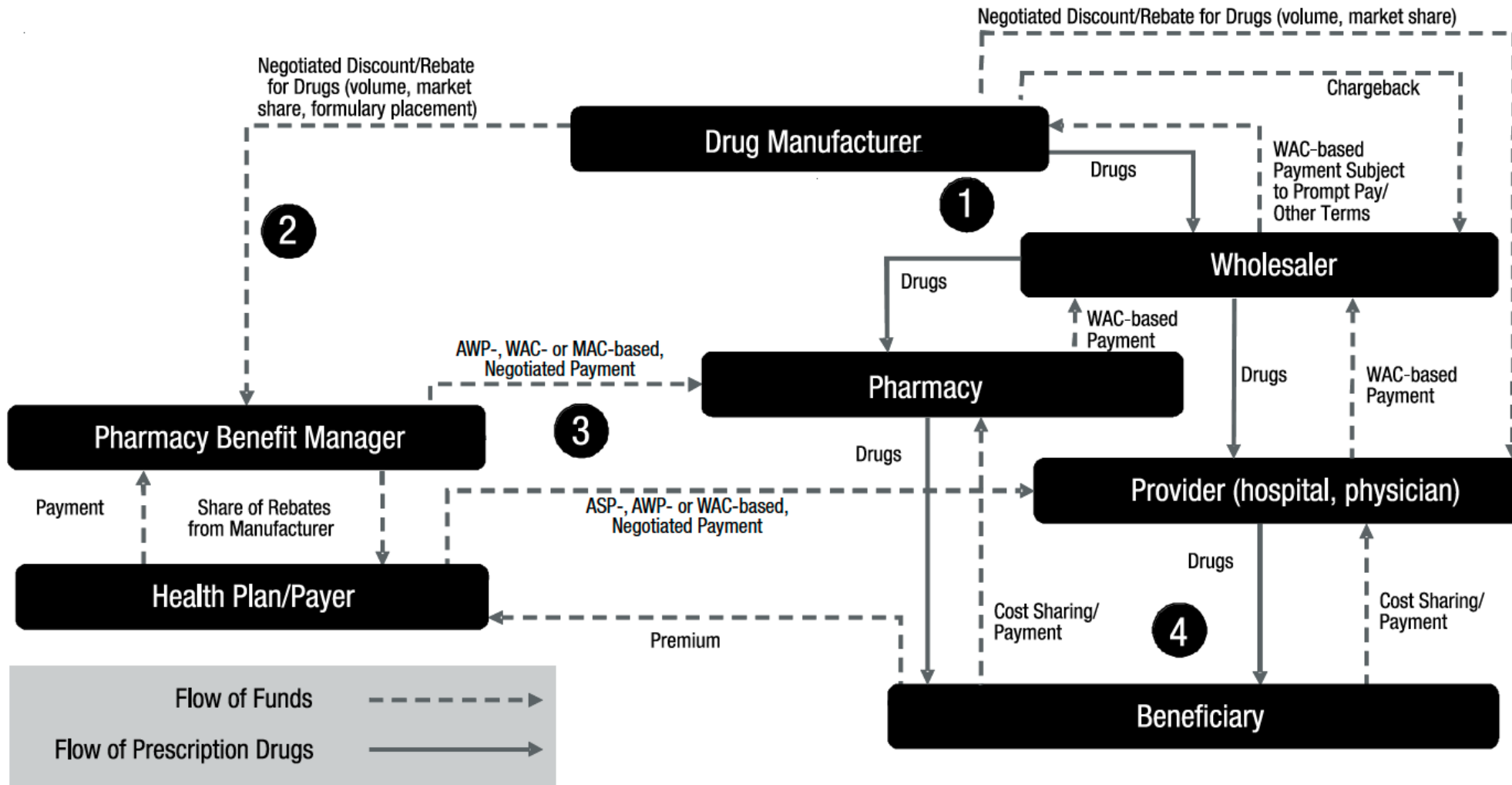
# Maximum Fair Price vs. AWP

The MFP is a ceiling price that started in 2026 for selected high-cost Medicare drugs. Medicare now has gained the authority to negotiate and cap the price of selected drugs, resulting in substantial reductions from the traditional list price (AWP).

<u>Drug Examples</u>	<u>AWP (2024)</u>	<u>MFP (2026)</u>	<u>Reduction</u>
Januvia	\$22.92	\$3.91	-79%
Fiasp	\$42.99	\$8.96	-75%
Farxiga	\$23.29	\$6.05	-68%
Enbrel	\$2,220.55	\$583.54	-68%
Jardiance	\$24.44	\$6.79	-66%
Stelara	\$33,411.42	\$8,979.65	-67%
Xarelto	\$22.78	\$6.88	-63%
Eliquis	\$11.89	\$4.15	-57%
Entresto	\$13.76	\$5.23	-54%
Imbruvica	\$702.49	\$353.94	-39%

*Reductions shape pricing strategies*

# Drug Distribution Model



# Complexity and Transparency?

Vertical Business Relationships Within the U.S. Drug Channel, 2025

	BlueCross BlueShield	THE CIGNA GROUP	CENTENE Corporation	CVSHealth.	Humana.	UNITEDHEALTH GROUP
<b>Insurer</b>	BlueCross BlueShield	cigna healthcare	Medicaid wellcare ambetter.	aetna	Anthem Wellpoint	Humana. United Healthcare
<b>PBM</b>	Prime THERAPEUTICS <sup>1</sup>	Express Scripts By EVERNORTH	CENTENE PHARMACY SERVICES <sup>5</sup>	CVS caremark	carelon Rx <sup>6</sup>	Humana Pharmacy Solutions. Optum Rx®
<b>GPO</b>	synergie medicines solutions <sup>2</sup>	Ascent Health Services	—	zinc HEALTH SERVICES	synergie medicines solutions <sup>2</sup>	— EMISAR
<b>Manufacturer</b>	—	Quallent Pharmaceuticals	—	cordavis	—	— nuvaira
<b>Wholesale distribution</b>	—	CuraScript SD By EVERNORTH	—	—	—	— Optum Frontier Therapies
<b>Specialty/mail pharmacy</b>	Prime Therapeutics Pharmacy <sup>3</sup>	Accredo By EVERNORTH Freedom Fertility By EVERNORTH	AcariaHealth <sup>4</sup> Specialty Pharmacy	CVS specialty	carelon Rx BioPlus A Caelion Company	CenterWell Specialty Pharmacy Optum Specialty Pharmacy
<b>Retail/LTC pharmacy</b>	—	—	—	CVS pharmacy Omnicare a CVS health company	—	— genOa healthcare PHARMSCRIPT
<b>Provider</b>	—	EVERNORTH Care Group MDLIVE VillageMD <sup>4</sup>	Community Medical Group Magellan HEALTH.	CVS minuteclinic signifyhealth. Oak St Health	carelon Health carelon Behavioral Health	CenterWell Senior Primary Care CenterWell Home Health CONVIVA Senior Primary Care Optum

PBM = pharmacy benefit manager; GPO = group purchasing organization; LTC = long-term care  
 1. Prime Therapeutics sources formulary rebates from—and has a minority ownership interest in—Ascent Health Solutions, which is part of Cigna's Evernorth segment.  
 2. Synergie is a buying group focused on medical benefit drugs. Its ownership includes the Blue Cross Blue Shield (BCBS) Association, Prime Therapeutics, Elevance Health, and other independent BCBS health plans.  
 3. Prime Therapeutics Pharmacy was previously known as Magellan Rx Pharmacy. Prime's clients have the option to use Express Scripts for mail/specialty pharmacy services.  
 4. In 2022, Cigna invested \$2.7 billion for an estimated 14% ownership stake in VillageMD. In 2024, it wrote down the full value of this investment. Walgreens Boots Alliance owns a majority of VillageMD.  
 5. Centene began outsourcing its PBM operations to Express Scripts in 2024. In 2023, Centene rebranded its Envolve Pharmacy Solutions pharmacy benefit subsidiary as Centene Pharmacy Services.  
 6. CVS Caremark provides certain PBM services to CarelonRx business. CarelonRx also sources formulary rebates from—and has a minority interest in—Zinc Health Services, which is a subsidiary of CVS Health.  
 Source: [The 2025 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers](#), Exhibit 261. Exhibit does not illustrate every subsidiary business operated by each company.

## Complexity Isn't the Problem: Opacity Is

*Transparency, pass-through models, and enforceable audit rights turn complexity into something measurable, comparable, and accountable.*

*The true test, however, is whether the system creates measurable value for patients. If patient outcomes, affordability, and access are not improving—and being measured—then transparency alone is not enough.*



✓ **Contacto**



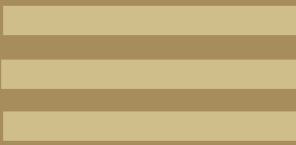
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