

REVISED FEBRUARY 2023

# AWP Policy

The Average Wholesale Price (AWP), as published by Micromedex® RED BOOK® is, in most cases, the manufacturer's<sup>1</sup> suggested AWP and does not reflect the actual AWP charged by a wholesaler. Merative 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, an SWP, or a markup formula from which AWP can be calculated, Merative 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 Merative AWP for that product will be the manufacturer's reported SWP, even if the manufacturer supplies a WAC, DIRP, or both. Consequently, the published AWP may be greater than a 20% markup over the manufacturer-supplied WAC or DIRP.

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

Merative provides a list of the manufacturers that do not provide AWP or a markup formula. 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 Merative Technical Support at <https://www.merative.com/support/micromedex-product-support-details>

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

1. The term "manufacturer" includes manufacturers, distributors, repackagers, and private labelers.
2. The term "provider" includes retailers, hospitals, physicians, and others buying either from the wholesaler or directly from the manufacturer for distribution to a patient.

## About Merative

Merative provides data and software for healthcare and government social services. With focused innovation and deep expertise, Merative works with providers, employers, health plans, governments, and life science companies to drive real progress. Merative helps clients orient information and insights around the people they serve to improve decision-making and performance. Merative, formerly IBM Watson Health, became a new standalone company as part of Francisco Partners in 2022. Learn more at [merative.com](https://merative.com).

© Copyright Merative U.S.L.P. 2023  
Merative  
100 Phoenix Drive  
Ann Arbor, Michigan 48108

Produced in the United States of America  
December 2023

Merative, the Merative logo and Micromedex are trademarks of Merative in the United States, other countries or both. All other company or product names are registered trademarks or trademarks of their respective companies.

This document is current as of the initial date of publication and may be changed by Merative at any time. Not all offerings are available in every country in which Merative operates.

The information in this document is provided "as is" without any warranty, express or implied, including without any warranties of merchantability, fitness for a particular purpose and any warranty or condition of non-infringement. Merative products are warranted according to the terms and conditions of the agreements under which they are provided.

The client is responsible for ensuring compliance with all applicable laws and regulations applicable to it. Merative does not provide legal advice or represent or warrant that its services or products will ensure that the client is in compliance with any law or regulation. The performance data and client examples cited are presented for illustrative purposes only. Actual performance results may vary depending on the specific configurations and operating conditions. It is the user's responsibility to evaluate and verify the operation of any other products or programs with Merative product and programs.

Statement of Good Security Practices: IT system security involves protecting systems and information through prevention, detection and response to improper access from within and outside your enterprise. Improper access can result in information being altered, destroyed, misappropriated or misused or can result in damage to or misuse of your systems, including for use in attacks on others. No IT system or product should be considered completely secure and no single product, service or security measure can be completely effective in preventing improper use or access. Merative systems, products and services are designed to be part of a lawful, comprehensive security approach, which will necessarily involve additional operational procedures, and may require other systems, products or services to be most effective. Merative does not warrant that any systems, product or services are immune from, or will make your enterprise immune from, the malicious or illegal conduct of any party.