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AWP Policy

The Average Wholesale Price (AWP) as published by IBM Watson Health is, in most cases, the manufacturer's suggested AWP and does not reflect the actual AWP charged by a wholesaler. IBM Watson Health bases the AWP data it publishes on the following:

- AWP is reported by the manufacturer¹(1), 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, IBM Watson 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 IBM Watson Health AWP for that drug 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 IBM Watson Health does not perform any independent analysis to determine or calculate the actual AWP paid by providers² to wholesalers. IBM Watson Health also does not independently investigate the actual WAC paid by wholesalers to manufacturers or DIRP paid by providers to manufacturers. IBM Watson Health relies on the manufacturers to report the values for these categories as described above.

¹ The term "manufacturer" includes manufacturers, distributors, repackagers, and private labelers.

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

IBM Watson Health provides a list of the manufacturers that do not provide an AWP or a markup formula.

For more information on this list, please contact IBM Watson Health Technical Support at <https://developer.ibm.com/watsonhealth/micromedex-support/>

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