



EXPRESS SCRIPTS®

EXCHANGE PULSE™

PUBLIC EXCHANGES REPORT | APRIL 2014

THE EXPRESS SCRIPTS LAB®

PUBLIC EXCHANGE MEDICATION UTILIZATION: PRELIMINARY INSIGHTS AND IMPLICATIONS

The public health insurance exchanges afford substantial financial opportunities for health plans. At the same time, insurers face challenges associated with managing a new line of business fraught with uncertainty and increased regulation. **This report offers the industry's first national glimpse of the health and medication utilization trends among public exchange members.**

These early findings are based on an analysis of Express Scripts claims data from health plans participating in the public exchanges (Health Insurance Marketplace) and health plans' existing commercial book of business. They help identify areas where Express Scripts and health plans can work together to provide greater clinical support for members – many of whom are new to treatment and insurance – to ensure optimal health decisions and outcomes.

While it's too early to determine whether these trends will hold, this preliminary interpretation is an important benchmark. Through an ongoing series of reports on member health, behavior and medication utilization in exchange plans, Express Scripts will continue to help you better understand this population and successfully compete in the rapidly evolving regulated healthcare marketplace.

About the Analysis

The analysis is based on a national sample of more than 1.25 million de-identified pharmacy claims from January 1, 2014, through March 31, 2014, for members enrolled in a public health insurance exchange plan with pharmacy benefit coverage administered by Express Scripts. The exchange plan sample comprised more than 500,000 lives from across the United States. We then compared these claims to those from commercial health plans, also administered by Express Scripts, during the same time period.

PHARMACY BENEFITS: A MAJOR PIECE OF THE PUZZLE

- Pharmacy is the health benefit most often used by consumers.
- Unlike medical claims, which can take months to process, pharmacy claims adjudicate in real time, providing an opportunity to detect and assess early trends.

With access to more than 1 billion pharmacy claims annually, Express Scripts is uniquely positioned to leverage this actionable data and provide fresh insights into the evolving public exchange population.

KEY FINDINGS: EXCHANGE PLAN MEMBERS VS. COMMERCIAL HEALTH PLAN MEMBERS

EXCHANGE PLAN MEMBERS



47 PERCENT GREATER USE OF
SPECIALTY MEDICATIONS

NEARLY
4x HIGHER PROPORTION
OF MEDICATIONS USED
TO TREAT HIV



HIGHER UTILIZATION OF:

- PAIN MEDICATIONS
- ANTI-SEIZURE MEDICATIONS
- ANTI-DEPRESSANTS



LOWER UTILIZATION OF:

- CONTRACEPTIVES
- ULCER MEDICATIONS



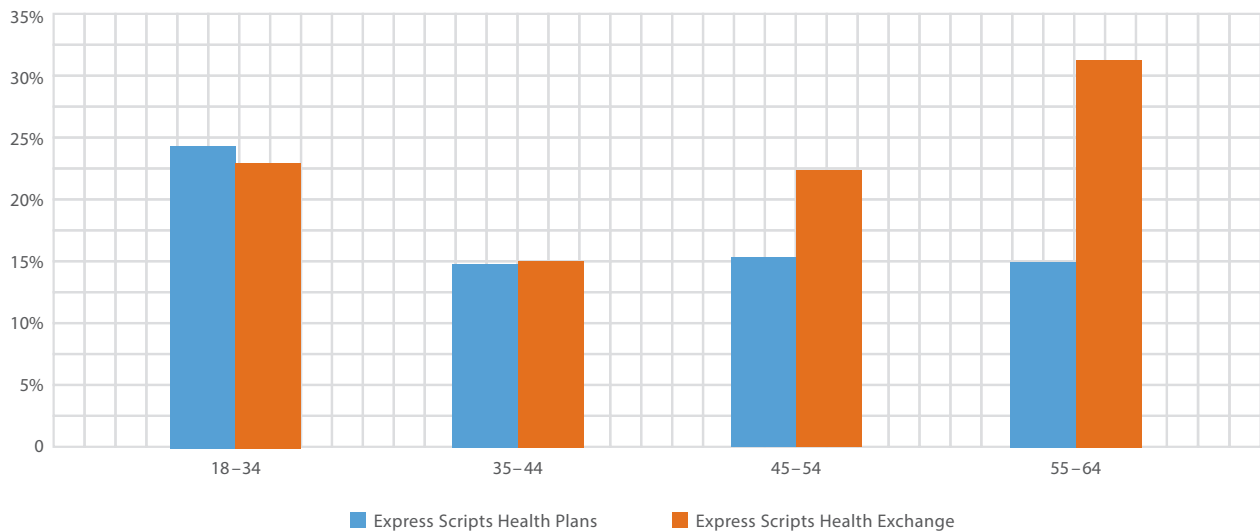
PAID A HIGHER
PERCENTAGE OF THEIR
PHARMACY COSTS IN
FIRST 3 MONTHS

MANY EXCHANGE PLAN MEMBERS ARE OLDER, HAVE LOWER INCOMES AND WERE PREVIOUSLY INSURED

PUBLIC EXCHANGE MEMBERS SKEW OLDER

- 54% of exchange plan members are aged 45 to 64.
- The percentage of exchange plan members aged 55 to 64 is more than double that of commercial plans.
- Only 23% of exchange plan members are aged 18 to 34.

AGE OF POPULATION



ES Health Plans = Health plan commercial book of business administered by Express Scripts
ES Health Exchange = Health plan public exchange book of business administered by Express Scripts

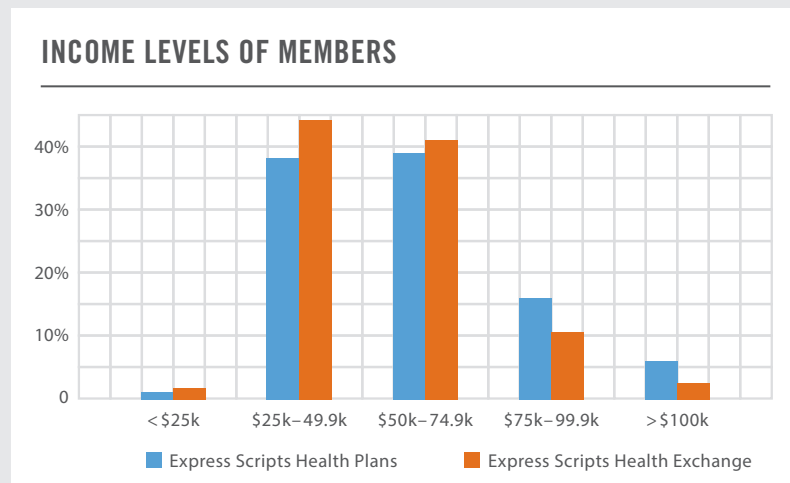
IMPLICATIONS

Express Scripts data suggests that older populations are early adopters on the public exchange. This finding may be of concern, as premium payments from younger individuals are needed to help fund the system and cover costs of older members who are expected to be heavier users of the healthcare services.

This data reflects only those members deemed eligible for benefits by March 31, 2014. Because the government permitted some individuals to enroll beyond the March 31 deadline, it's possible these numbers could shift.

OVERALL, EXCHANGE PLAN MEMBERS HAVE LOWER HOUSEHOLD INCOMES

- Close to 85% of exchange plan members reside in areas where the household income is typically between \$25K and \$75K, compared to about 77% in commercial health plans.
- Among those with a household income of \$100K or more, the percentage in commercial plans is twice that of exchange plans.



Source: U.S. Census Bureau, 2008-2012 American Community Survey. Data are matched to the members' zip codes.

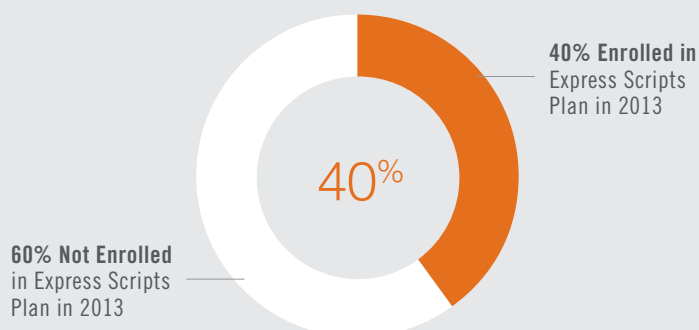
IMPLICATIONS

A family of four with a household income of \$32,913 to \$95,400 is considered to be earning between 138% and 400% of the Federal Poverty Level, and thus, eligible for federal premium and cost-share subsidies. The availability of subsidies will likely continue to appeal to lower income individuals and drive them to purchase exchange plans over time.

A SIGNIFICANT PERCENTAGE OF EXCHANGE PLAN MEMBERS HAD DRUG COVERAGE IN 2013

- 40% of exchange plan members were previously enrolled in a plan administered by Express Scripts in 2013.
- The remaining 60% were either previously uninsured or enrolled in a health plan with drug coverage administered by another organization.

PRIOR DRUG COVERAGE FROM EXPRESS SCRIPTS



IMPLICATIONS

Although a large percentage of public health insurance exchange enrollees were expected to come from the ranks of the previously uninsured, the actual percentage of exchange plan members who were formerly uninsured remains speculative. Even if one assumes that only a portion of the remaining 60% in this study had health insurance through another provider in 2013, this finding still implies that a significant number of individuals in our exchange population had prior coverage and are not new to health insurance.

WHILE BOTH GROUPS HAVE SIMILAR CONDITIONS, EXCHANGE MEMBERS USE MORE PAIN MEDICATIONS AND SPECIALTY DRUGS

CHRONIC CONDITIONS ARE NEARLY IDENTICAL ACROSS POPULATIONS, WITH NOTABLE DISTINCTIONS

- Based on claims volume, 9 of the top 10 therapy classes for exchange and commercial health plan members are the same.
- However, there are some notable shifts in prevalence, as highlighted for exchange plans below.

TOP 10 CONDITIONS FOR EXCHANGE AND COMMERCIAL HEALTH PLANS BY CLAIMS VOLUME

HEALTH EXCHANGE		HEALTH PLAN	
CONDITION	% OF ADJ Rxs	CONDITION	% OF ADJ Rxs
Hypertension/Heart Disease	17.05%	Hypertension/Heart Disease	17.67%
High Blood Cholesterol	8.89%	High Blood Cholesterol	9.45%
Depression	8.72%	Depression	8.09%
Diabetes	7.41%	Diabetes	7.62%
Thyroid Disorders	4.42%	Ulcer Disease	5.19%
Pain	4.38%	Contraceptives	4.78%
Ulcer Disease	4.29%	Thyroid Disorders	4.69%
Seizures	4.02%	Pain	3.40%
Contraceptives	3.20%	Asthma	3.39%
High Blood Pressure	2.91%	Seizures	3.37%

IMPLICATIONS

The chronic condition profiles of these two populations are quite similar, so we can expect to see similar drug usage patterns across the groups if this data remains consistent over time. The older skew of the public exchange population may be contributing to lower contraceptive use.

SPECIALTY MEDICATION USE, ESPECIALLY FOR HIV, IS HIGHER AMONG EXCHANGE PLAN MEMBERS

- Based on claims volume, nearly 1.1% of total prescriptions in exchange plans are for specialty medications, compared to only 0.75% in commercial health plans — a 47% difference.
- More than 55% of all specialty drug claims in the exchange population are for HIV medications, which drove overall differences of specialty drug use in this group.
- Based on total claims cost, there is a greater prevalence of HIV and cancer drugs for exchange members.

TOP 10 DRUG CLASSES BY SPECIALTY CLAIMS VOLUME

HEALTH EXCHANGE		HEALTH PLAN	
DRUG CLASS	% SPEC CLAIMS	DRUG CLASS	% SPEC CLAIMS
HIV	55.04%	Inflammatory Conditions	22.61%
Inflammatory Conditions	11.68%	HIV	21.11%
Transplant	11.42%	Transplant	16.82%
Multiple Sclerosis	6.58%	Multiple Sclerosis	11.58%
Cancer	6.03%	Cancer	8.30%
Anticoagulants	2.11%	Anticoagulants	3.83%
Hepatitis C	1.86%	Growth Deficiency	2.36%
Osteoporosis	0.95%	Hepatitis C	2.13%
Respiratory Conditions	0.77%	Osteoporosis	1.67%
Pulmonary Hypertension	0.69%	Respiratory Conditions	1.40%

Exchange plan members are nearly 4 times more likely than commercial health plan members to have a prescription for at least one HIV medication.

TOP 10 DRUG CLASSES BY TOTAL CLAIMS COST

HEALTH EXCHANGE	HEALTH PLAN
Diabetes	Diabetes
HIV	Inflammatory Conditions
Inflammatory Conditions	Multiple Sclerosis
Cancer	High Blood Cholesterol
Multiple Sclerosis	Asthma
Depression	Hypertension/Heart Disease
High Blood Cholesterol	Attention Disorders
Hepatitis C	Cancer
Hypertension/Heart Disease	Mental/Neuro Disorders
Asthma	Depression

IMPLICATIONS

As our 2013 *Drug Trend Report* indicates, despite comprising less than 1% of all U.S. prescriptions, specialty medications now account for more than 25% of total pharmacy spend.

Until this year, many people with complex diseases were unable to obtain coverage because of pre-existing conditions. This early analysis suggests a pent-up demand for treatment, and shows that exchange plans are providing access to medications that members need, and, in some cases, could not obtain previously.

The ability to get subsidized or more affordable coverage may also be a key factor driving HIV drug claims volume for exchange members. Those with HIV and other high-cost complex conditions were strongly encouraged to enroll in an exchange plan.

It will be imperative to ensure that these members obtain quality clinical care, support and education on proper use of their specialty medications to best manage their conditions.

COMPLEX DISEASES DRIVE UP COSTS FOR EXCHANGE MEMBERS, BUT PLAN COSTS ARE LOWER

EXCHANGE PLAN MEMBERS USE MORE COSTLY SPECIALTY MEDICATIONS

- Based on total claims cost, 6 of the top 10 medications in exchange plans are high-cost specialty drugs, compared to only 4 of the top 10 in commercial health plans.
- Leading the list of most expensive therapies used by exchange members is Sovaldi®, a new hepatitis C medication that costs about \$84,000 for a 12-week course of treatment, followed by Atripla® for HIV.

TOP 10 COSTLIEST MEDICATIONS FOR EXCHANGE AND COMMERCIAL HEALTH PLANS

HEALTH EXCHANGE	
MEDICATION	SPECIALTY DRUG
Sovaldi®	Y
Atripla®	Y
Humira®	Y
Compounds	N
Enbrel®	Y
Truvada®	Y
Duloxetine HCL	N
Lantus® SoloStar®	N
Copaxone®	Y
Abilify®	N

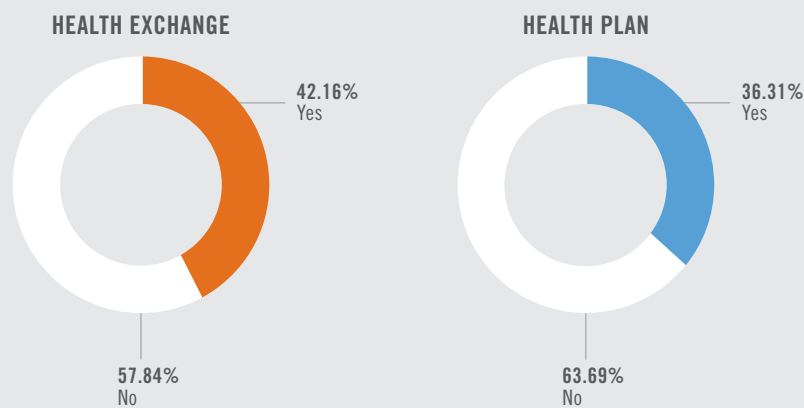
HEALTH PLAN	
MEDICATION	SPECIALTY DRUG
Humira®	Y
Compounds	N
Enbrel®	Y
Sovaldi®	Y
Nexium®	N
Abilify®	N
Crestor®	N
Copaxone®	Y
Lantus® SoloStar®	N
Advair Diskus®	N

IMPLICATIONS

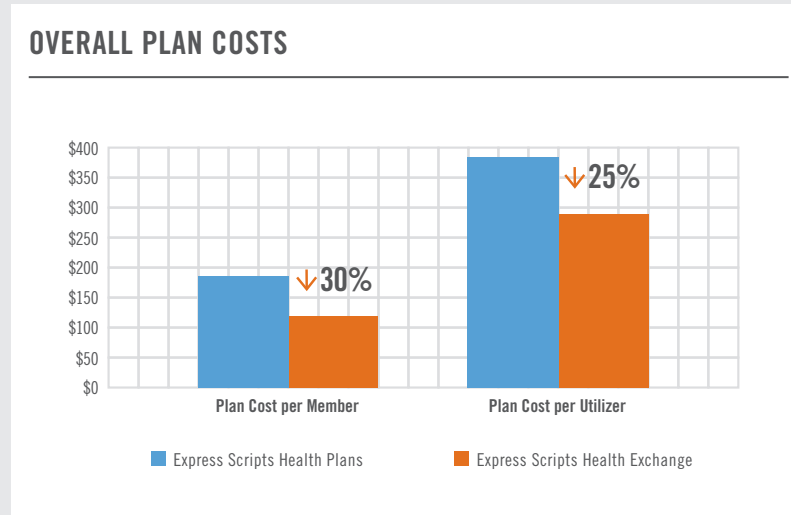
Greater use of expensive specialty drugs in the exchange population could have a significant impact on the cost burden for both plan sponsors and members. Furthermore, the use of such drugs could suggest more costly health conditions overall, which could strain the healthcare system.

MORE MEMBERS PAY 100% OF THE COST IN EXCHANGE PLANS

CLAIMS WHERE 100% OF COST BORNE BY MEMBER



PER-MEMBER PHARMACY PLAN COSTS ARE 30% LOWER FOR EXCHANGE PLANS



IMPLICATIONS

Several factors may be contributing to higher member cost-shares and lower plan costs. When developing their exchange offerings, many health insurers put costly medications into tiers with higher member cost-shares.

Exchange plans also tend to have higher deductibles and/or copayments, and thus, a higher proportion of claims with zero cost to the plan.

We will be carefully monitoring this information for any changes as individuals exceed their out-of-pocket maximums, which will then require health insurers to pick up all remaining costs associated with the member's healthcare.

To keep exchange plans sustainable and affordable for payers and members, it will be important to consider the dynamics around deductibles and out-of-pocket maximum amounts. It is also important to note that since many individuals are receiving subsidized coverage, at least a portion of the claim costs for these members is being paid by the government.

LOOKING FORWARD THROUGH THE LENS OF EXCHANGE ANALYTICS

- The findings are limited to three months of claims data and don't fully reflect the surge in enrollment that took place in late March and April.
- Many individuals with pre-existing conditions who couldn't access coverage previously may have been the first ones to enroll in an exchange plan.
- Those new to health insurance may have a steep learning curve in terms of understanding how to best access and interact with the healthcare system, which could impact purchase behavior and claims results.

Over the coming months, Express Scripts will continue to closely observe this data and report our findings and insights. In particular, we will be monitoring cost-shifting to members due to the use of higher-cost tiers for specialty medications and non-preferred drugs, and noting how quickly exchange plan members are meeting their out-of-pocket caps (at which point all costs defer to the health plan). We will also continue looking for emerging trends to identify areas where we can offer greater support to our health plan clients and our mutual members in 2014 and beyond.

LEARN MORE ABOUT HOW THESE UNIQUE INSIGHTS CAN HELP YOU GROW AND BETTER MANAGE YOUR PUBLIC EXCHANGE POPULATION

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