



EXPRESS SCRIPTS®

EXCHANGE PULSE™

PUBLIC HEALTH EXCHANGE AND OFF-EXCHANGE REPORT | OCTOBER 2014

THE EXPRESS SCRIPTS LAB®

ON-EXCHANGE AND OFF-EXCHANGE PLANS: PRESCRIPTION DRUG UTILIZATION TRENDS AND INSIGHTS

The Affordable Care Act (ACA) individual mandate requires Americans to obtain health insurance that meets certain minimum requirements or pay a tax penalty. As a result, millions of individuals are purchasing health coverage directly from health plan providers, either through the public health exchanges (on-exchange) or on their own (off-exchange).

This latest Exchange Pulse™ report, the second in our series, is the nation's foremost look at the health and prescription drug use of both public health exchange and off-exchange members.

Pharmacy is the health benefit used more often by members. Unlike medical claims, pharmacy claims adjudicate in real time, providing the industry's earliest indication of member health and medication usage and costs. With access to more than 1 billion pharmacy claims annually, coupled with clinical expert analysis, Express Scripts is uniquely positioned to share actionable insights and emerging trends. Through our series of Exchange Pulse reports, Express Scripts helps insurers better understand their health plan populations and successfully compete in the regulated healthcare market.

About the Analysis

This report analyzes trends in prescription medication use for individuals enrolled in public health exchange and off-exchange plans and compares these trends to those of commercial health plan members. This comprehensive analysis is based on 80 million de-identified pharmacy claims data for members who had pharmacy benefit coverage administered by Express Scripts and who **filed pharmacy claims between January 1, 2014, and July 31, 2014.**

3 DISTINCT MEMBER POPULATIONS

ON-EXCHANGE (pages 3-14)

- Purchase health coverage through the public health exchanges
- May receive government-subsidized or discounted rates
- **Early enrollees:** Benefits began by February 28, 2014
- **Later enrollees:** Benefits began on or after March 1, 2014
- Known as health exchange members or exchange members in this report

OFF-EXCHANGE (pages 15-18)

- Purchase individual ACA-compliant policies directly from insurers rather than through an employer or other plan sponsor
- Or those enrolled in noncompliant grandfathered plans
- Known as off-exchange members in this report

COMMERCIAL

- Have medical and pharmacy coverage provided by an employer or other organization (excludes Medicare and Medicaid)
- Known as health plan members in this report

5 KEY FINDINGS

1 HEALTH EXCHANGE MEMBERS ARE USING THEIR PHARMACY BENEFIT

Nearly half of Americans enrolled in a public health exchange plan, including those who waited until April 2014 to enroll, have already used their pharmacy benefit and filed at least one pharmacy claim. This usage rate (49%) is approaching that of commercially insured health plan members (55%), who are more likely to have been insured since January and are more familiar with health insurance. Two-thirds of all health exchange members were not previously insured with Express Scripts prior to 2014.

2 LATER ENROLLEES ARE YOUNGER AND HAVE FEWER HEALTH CONDITIONS

Later enrollees are, on average, 4.4 years younger than early enrollees. They also have a lower prevalence of chronic conditions, such as heart disease, depression, high cholesterol and diabetes, and a lower prevalence of specialty conditions, such as cancer and multiple sclerosis. Additionally, 56% of early enrollees and 70% of later enrollees did not have prescription drug coverage from Express Scripts prior to 2014.

3 SPECIALTY MEDICATION USE AND SPENDING IS HIGHER, ESPECIALLY FOR HIV

Health exchange members are 59% more likely to have filled a prescription for a specialty medication. HIV is the top specialty condition for health exchange members aged 18 to 64, particularly among those who live in a zip code with a low median income. Nearly 3 out of 5 specialty claims overall are for HIV medications. Additionally, compared to health exchange members without HIV, those who take HIV medications are also much more likely to be taking drugs for hepatitis C, hepatitis B, viral infections and smoking cessation.

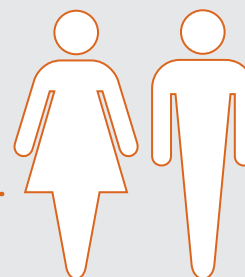
4 PLAN DESIGN IS DRIVING GENERIC DRUG USE AND MEMBER COST-SHARE

Across most therapy classes, age groups and income levels, health exchange members fill more prescriptions for generic drugs. Their overall 87% generic fill rate outpaced health plan members by 6%. They also pay a greater share of the claims costs and have higher total out-of-pocket expenses. Health plan insurers, on the other hand, pay about 10% less on a per-member-per-month basis for their exchange members compared to their employer-sponsored lives.

5 OFF-EXCHANGE DRUG COSTS ARE SIGNIFICANTLY HIGHER

Off-exchange members closely resemble health plan members in age, income and health conditions. Yet, plan and member costs in off-exchange plans are significantly higher than costs in commercial health plans and health exchange plans.

SPECIALTY DRUGS AND HEALTH EXCHANGE MEMBERS



1.3

PERCENT
OF CLAIMS

(vs. 0.8% for health plans)

38

PERCENT
OF SPENDING

(vs. 28% for health plans)

7 OF 10

COSTLIEST
MEDICATIONS
ARE SPECIALTY

(vs. 4 of 10 for health plans)

18-44

FILL NEARLY TWICE
AS MANY SPECIALTY
PRESCRIPTIONS

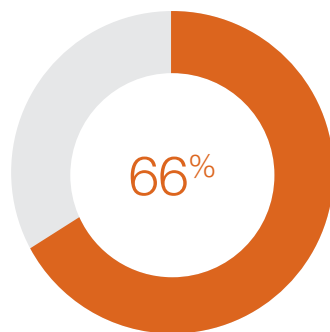
(vs. similarly aged
health plan members)

HEALTH EXCHANGE MEMBERS ARE LIKELY TO BE NEWLY INSURED AND SKEW OLDER

TWO-THIRDS OF EXCHANGE MEMBERS DID NOT HAVE EXPRESS SCRIPTS COVERAGE PRIOR TO 2014

- Since January, the percentage of health exchange members previously enrolled in a plan administered by Express Scripts dropped from 43% to 34%.
- The remaining 66% were either previously uninsured or enrolled in a health plan with drug coverage administered by another organization.
- Of the overall health exchange population, 56% of early enrollees and 71% of later enrollees did not have coverage from Express Scripts prior to January, 1, 2014.

PREVIOUSLY NOT ENROLLED IN DRUG COVERAGE FROM EXPRESS SCRIPTS (IN 2013)



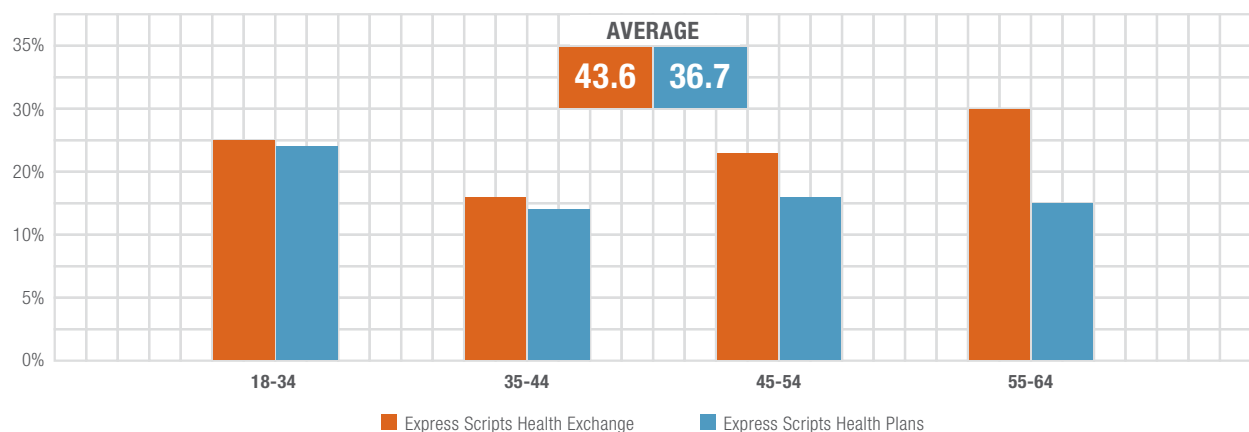
IMPLICATIONS

In June 2014, *Kaiser Health News* estimated that 57% of health exchange members nationwide were previously uninsured and most had been uninsured for at least two years. Our data corroborates this estimate, particularly among later enrollees, who were less likely to have prior coverage from Express Scripts and perhaps even less likely to have any health insurance.

EXCHANGE MEMBERS ARE 7 YEARS OLDER THAN HEALTH PLAN MEMBERS (ON AVERAGE)

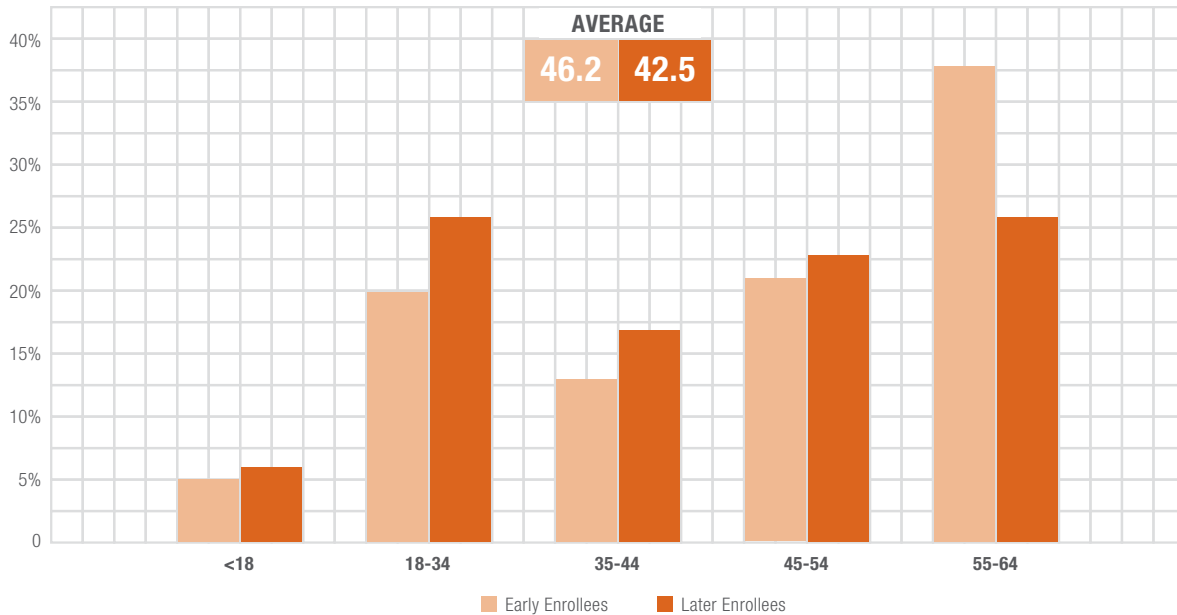
- 30% of health exchange members are 55-64 years old, compared to 15% for health plans.

AGE OF POPULATION

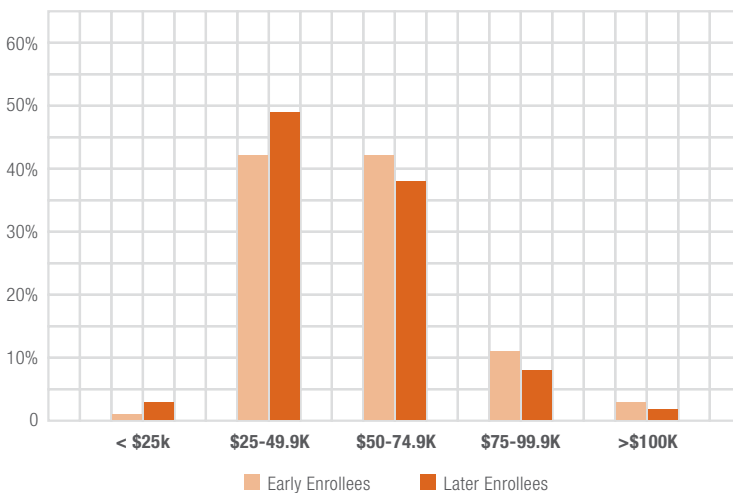


LATER ENROLLEES ARE 4 YEARS YOUNGER THAN EARLY ENROLLEES AND HAVE LOWER INCOMES (ON AVERAGE)

AGE OF HEALTH EXCHANGE MEMBERS: EARLY VS LATER ENROLLEES



INCOME OF HEALTH EXCHANGE MEMBERS: EARLY VS LATER ENROLLEES



IMPLICATIONS

The concerted effort made by the government and health plans to enroll younger people later in the public health exchange enrollment process appears to be paying off, with later enrollees falling into younger age groups. However, the Kaiser Family Foundation (KFF) analyzed the age distribution of potential exchange enrollees and found that 40% were 18-34 years old. Per our data, only 25% of health exchange enrollees are in this age group, which is also lower than the national benchmark of 28%. While later enrollees skewed younger, there were not enough younger enrollees to reach the 40% projection from KFF. Later enrollees also have lower incomes than early enrollees.

WHILE CHRONIC CONDITIONS ARE SIMILAR, THE COSTLIEST CONDITIONS VARY GREATLY ACROSS POPULATIONS

CHRONIC CONDITIONS ARE NEARLY IDENTICAL FOR EXCHANGE AND HEALTH PLAN MEMBERS

- Based on claims volume, 9 of the top 10 chronic conditions are the same for health exchange and health plan members, with some notable shifts in utilization.
- Use of pain medication is 39% higher in health exchange plans.
- Use of depression medications is 12% higher in health exchange plans.
- Use of contraceptives is 32% higher in commercial health plans.

TOP 10 CONDITIONS BY CLAIMS VOLUME

HEALTH EXCHANGE	
CONDITION	% OF ADJ Rxs
Hypertension/Heart Disease	17.37%
Depression	8.63%
High Cholesterol	8.52%
Diabetes	7.48%
Pain	4.48%
Thyroid Disorders	4.35%
Ulcer Disease	4.32%
Seizures	3.95%
Contraceptives	3.43%
Hypertension Only	3.01%

HEALTH PLAN	
CONDITION	% OF ADJ Rxs
Hypertension/Heart Disease	16.74%
High Cholesterol	8.91%
Depression	7.70%
Diabetes	7.34%
Ulcer Disease	4.89%
Contraceptives	4.54%
Thyroid Disorders	4.48%
Pain	3.23%
Seizures	3.22%
Asthma	3.20%

LATER ENROLLEES ARE HEALTHIER THAN EARLY ENROLLEES

- The prevalence of the top 10 conditions is universally lower for later enrollees compared to early enrollees.

PREVALENCE OF TOP CONDITIONS: EARLY VS LATER ENROLLEES

HEALTH EXCHANGE		
CONDITION	EARLY	LATER
Hypertension/Heart Disease	19.2%	11.2%
Depression	12.6%	7.0%
High Cholesterol	13.3%	6.5%
Diabetes	6.9%	4.1%
Pain	15.0%	9.0%
Thyroid Disorders	6.3%	3.2%
Ulcer Disease	7.9%	4.5%
Seizures	6.3%	3.6%
Contraceptives	4.7%	3.3%
Hypertension Only	4.9%	2.8%

COSTLIEST CONDITIONS VARY, WITH HIV AND HEPATITIS C DRIVING UP EXCHANGE COSTS

- Based on total claims cost, 3 of the top 10 drug classes — HIV, depression and pain — are unique to the health exchange population.
- Over the past few months, hepatitis C has risen higher on the ranking of most costly drug classes for both health exchange and health plan members.

TOP 10 CONDITIONS BY CLAIMS COST

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

IMPLICATIONS

Plan sponsors can anticipate that both exchange and health plan populations will continue to have the same top health conditions. The difference is apparent when examining claims costs. Health exchange members are using more high-cost specialty drugs, which is largely attributed to a higher prevalence of HIV and hepatitis C. Also, as health exchange members are more prone to specialty conditions, expect greater spending on medications to treat pain and depression. The use of high-cost specialty drugs significantly impacts the level of care provided as well as the cost burden for plan sponsors and members. With additional high-cost drugs for hepatitis C being planned for late 2014 and 2015, Express Scripts will continue to monitor this category carefully.

SPECIALTY CLAIMS COMPRISE A GREATER PERCENTAGE OF PHARMACY SPEND IN HEALTH EXCHANGE PLANS

SPECIALTY MEDICATIONS, PARTICULARLY FOR HIV, ACCOUNT FOR 38% OF TOTAL PHARMACY SPEND

- 1.3% of adjusted claims in health exchange plans are for specialty medications, driving 38% of total pharmacy spend.
- That compares to only 0.82% in commercial health plans, driving 28% of total pharmacy spend.
- In other words, for every \$1 spent on prescriptions, \$0.38 is spent on specialty drugs in health exchange plans, compared to only \$0.28 in health plans.
- More than 56% of all specialty drug claims in health exchange plans are for HIV medications, nearly three times higher than health plans.

TOP 10 DRUG CLASSES BY SPECIALTY CLAIMS VOLUME

HEALTH EXCHANGE		HEALTH PLAN	
DRUG CLASS	% SPEC CLAIMS	DRUG CLASS	% SPEC CLAIMS
HIV	56.53%	Transplant	23.04%
Transplant	14.27%	Inflammatory Conditions	21.40%
Inflammatory Conditions	10.68%	HIV	19.82%
Multiple Sclerosis	6.08%	Multiple Sclerosis	11.16%
Cancer	3.46%	Cancer	5.37%
Hepatitis C	2.95%	Anticoagulants	3.36%
Anticoagulants	1.74%	Hepatitis C	2.43%
Misc. Specialty Conditions	0.67%	Growth Deficiency	2.24%
Osteoporosis	0.62%	Infertility	1.77%
Pulmonary Hypertension	0.54%	Misc. Specialty Conditions	1.67%

- For health exchange members, 19% of total drug spend is on costly medications for the treatment of HIV and hepatitis C.
- 7 of the top 10 costliest medications for the health exchange population are specialty drugs, compared to only 4 of the top 10 medications for the health plan population.

TOP 10 COSTLIEST CONDITIONS

HEALTH EXCHANGE	
CONDITION	% OF TOTAL SPEND
HIV	11.3%
Diabetes	10.4%
Hepatitis C	7.8%
Inflammatory Conditions	5.7%
Multiple Sclerosis	4.8%
Cancer	3.9%
Depression	3.6%
Pain	3.5%
High Cholesterol	3.5%
Hypertension//Heart Disease	3.4%

HEALTH PLAN	
CONDITION	% OF TOTAL SPEND
Diabetes	11.0%
Inflammatory Conditions	6.8%
Multiple Sclerosis	5.3%
High Cholesterol	4.9%
Asthma	4.3%
Hypertension//Heart Disease	4.1%
Attention Disorders	3.9%
Hepatitis C	3.6%
Cancer	3.6%
Mental/Neuro Disorders	3.3%

TOP 10 COSTLIEST MEDICATIONS

HEALTH EXCHANGE			
MEDICATION	CONDITION	SPECIALTY DRUG	% OF TOTAL SPEND
Sovaldi®	Hepatitis C	Y	6.4%
Atripla®	HIV	Y	3.0%
Humira®	Inflammatory	Y	2.6%
Compounds	Various	N	2.1%
Enbrel®	Inflammatory	Y	1.9%
Truvada®	HIV	Y	1.9%
Duloxetine HCL	Psychiatric	N	1.4%
Copaxone®	MS	Y	1.4%
Stribild®	HIV	Y	1.3%
Abilify®	Psychiatric	N	1.2%

HEALTH PLAN			
MEDICATION	CONDITION	SPECIALTY DRUG	% OF TOTAL SPEND
Humira®	Inflammatory	Y	3.2%
Sovaldi®	Hepatitis C	Y	2.9%
Compounds	Various	N	2.7%
Enbrel®	Inflammatory	Y	2.3%
Abilify®	Psychiatric	N	1.8%
Nexium®	GERD	N	1.7%
Copaxone®	MS	Y	1.6%
Crestor®	Hypertension	N	1.5%
Lantus® SoloStar®	Diabetes	N	1.4%
Advair Diskus®	Asthma/COPD	N	1.2%

HIV MEDICATION UTILIZATION IS MORE PRONOUNCED AMONG LATER ENROLLEES

- Early enrollees have higher rates of utilization for specific specialty conditions, except HIV.

TOP 10 DRUG CLASSES BY SPECIALTY CLAIMS VOLUME: EARLY VS LATER ENROLLEES

HEALTH EXCHANGE		
SPECIALTY THERAPY CLASS	EARLY	LATER
HIV	50.63%	62.75%
Transplant	16.00%	12.44%
Inflammatory Conditions	12.48%	8.78%
Multiple Sclerosis	7.27%	4.82%
Cancer	3.87%	3.04%
Hepatitis C	3.11%	2.78%
Anticoagulants	1.85%	1.62%
Misc. Specialty Conditions	0.71%	0.62%
Pulmonary Hypertension	0.61%	0.47%
Osteoporosis	0.77%	0.46%

HEALTH EXCHANGE UTILIZERS ARE MORE LIKELY TO HAVE A SPECIALTY CONDITION AND PAY MORE FOR SPECIALTY MEDICATIONS

COMPARISON OF SPECIALTY CLAIMS AND COSTS

	HEALTH EXCHANGE	HEALTH PLAN
Percent of Utilizers With Specialty Claims	2.29%	1.94%
Number of Specialty Claims per Member	0.0551	0.0507
Total Specialty Cost per Member per Month	\$29.12	\$21.92
Total Specialty Cost per Utilizer per Month	\$55.32	\$39.10

Note: Utilizers are those members who have used the pharmacy benefit and filled at least one pharmacy claim.

IMPLICATIONS

As our 2013 *Drug Trend Report* indicates, despite comprising less than 1% of all U.S. prescriptions, specialty medications account for more than 25% of total pharmacy spend. While these figures are consistent with the costs seen in commercial health plans, specialty claims in health exchange plans contribute to 38% of total spend.

Greater use of HIV and hepatitis C medications is likely a driving factor for specialty costs in the health exchange population. It's also important to note that some individuals with HIV had been receiving care through federally funded programs, such as the Ryan White HIV/AIDS program, so a portion of the increased spending on HIV drugs may represent a shifting of payment from federal sources to private health insurers.

Continuing to lead the list of most expensive therapies used by health exchange members is the hepatitis C medication Sovaldi®, which costs about \$84,000 for a 12-week course of treatment. Not only are claims for this drug prominent among the health exchange population, it has also become the second costliest medicine for health plan members.

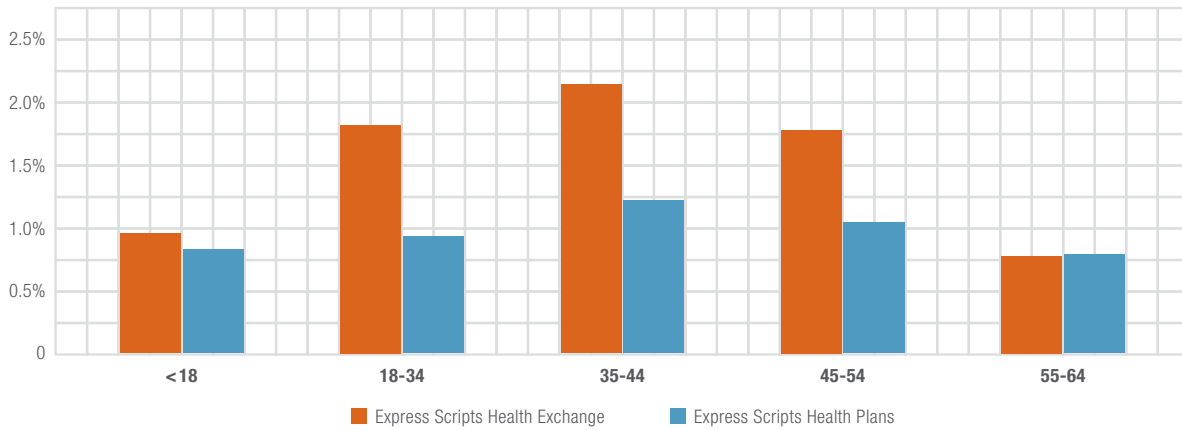
Managing specialty costs for both groups is imperative for plan sponsors. The good news is that many individuals who have been diagnosed with complex diseases like HIV and hepatitis C now have affordable access to the clinical support and therapy they need to get and stay healthy.

ACROSS ALL AGES AND INCOME LEVELS, EXCHANGE MEMBERS USE MORE SPECIALTY DRUGS, LARGELY DRIVEN BY HIV

SPECIALTY DRUG USE IS HIGHEST AMONG MEMBERS AGED 18 TO 54

- Overall, health exchange members fill 59% more prescriptions for specialty medications than health plan members.
- Health exchange members aged 18 to 44 fill nearly twice as many specialty prescriptions as those of the same age group in commercial health plans.

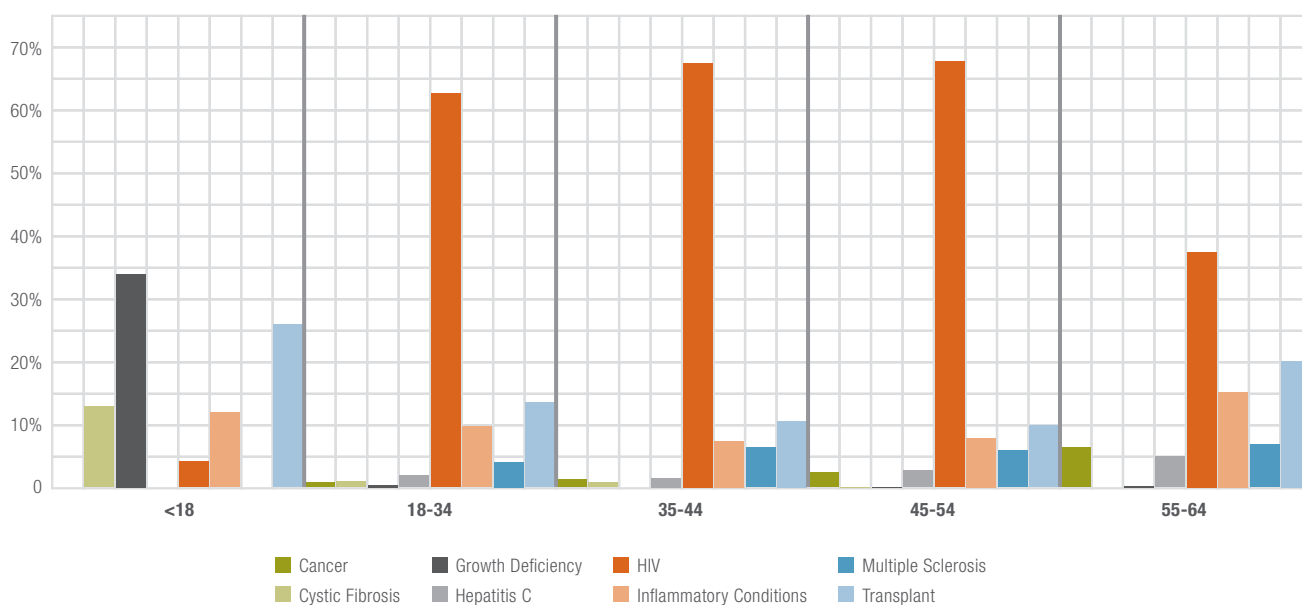
PERCENT OF SPECIALTY CLAIMS VOLUME BY AGE



HIV IS THE TOP CONDITION, BUT OTHERS ARE NOTABLE FOR THE YOUNGEST AND OLDEST HEALTH EXCHANGE MEMBERS

- HIV is the top specialty condition by claims volume for health exchange members aged 18 through 64.
- Nearly 3 out of every 5 specialty claims are for HIV in the health exchange population, compared to only 1 of every 5 in the health plan population.
- In the health exchange plans, use of medications for growth deficiency, cystic fibrosis and transplants are more prominent among those aged 18 or younger.
- Among health exchange members aged 55 and older, use of medications to treat cancer, transplants, hepatitis C and inflammatory conditions are on the rise.

TOP SPECIALTY CONDITIONS BY PERCENT OF SPECIALTY CLAIMS, BY AGE

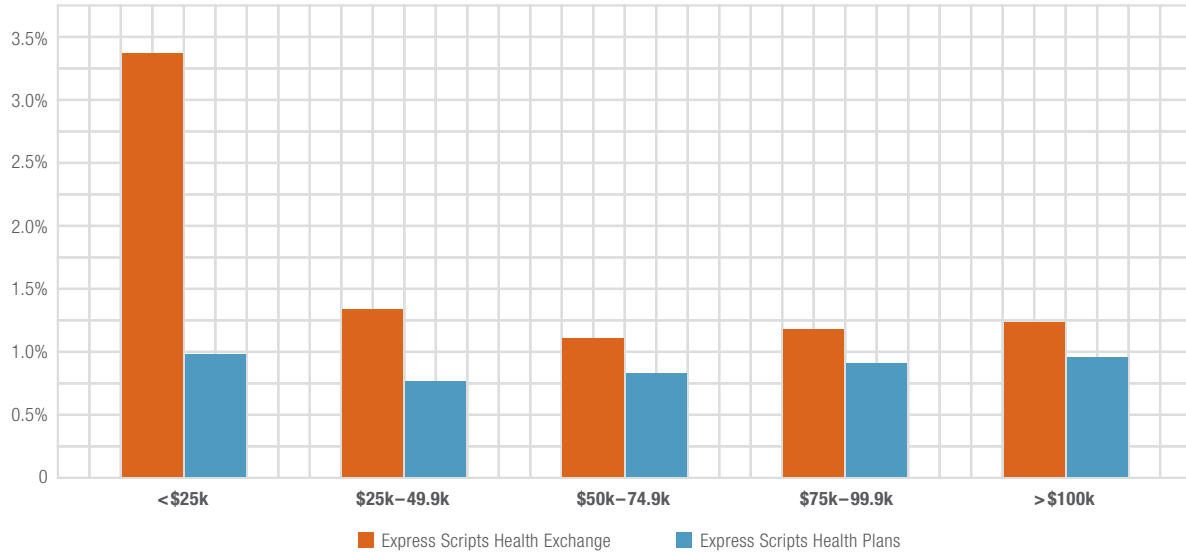


- Health exchange members who live in a zip code with a median income less than \$25,000 per year are the most likely to have a specialty claim, with 86% of these claims for HIV medications.

INCOME <25K: TOP CONDITIONS BY PERCENT OF SPECIALTY CLAIMS

HEALTH EXCHANGE	
CONDITION	% SPEC CLAIMS
HIV	86.2%
Transplant	5.3%
Hepatitis C	2.3%

PERCENT OF SPECIALTY CLAIMS VOLUME BY INCOME



HEALTH EXCHANGE MEMBERS WITH HIV ARE MORE LIKELY TO HAVE OTHER HEALTH ISSUES

- Compared to non-HIV patients, health exchange members taking an HIV medication are more likely to have other health issues.
- More than 3.5 times more likely to take a hepatitis C medication
- 23 times more likely to take a hepatitis B medication
- Almost 3 times more likely to take a medication for viral infections
- Almost 2.5 times more likely to take a medication for smoking cessation

IMPLICATIONS

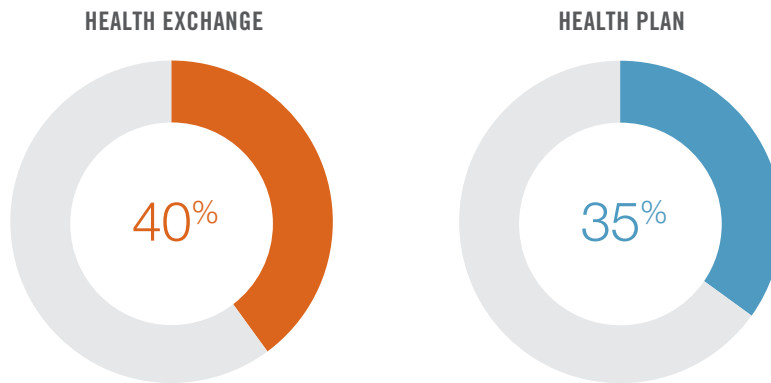
Health exchange members in the lowest average income group use a higher percentage of specialty medications, particularly for HIV. Those with HIV are more likely to have other chronic health issues, so treating these complex conditions will greatly impact overall quality and cost of care. Many health exchange members with HIV are also new to insurance and new to the drug treatment regime to manage this disease state. As reported by *Kaiser Health News* in September 2014, the Centers for Disease Control and Prevention found that although 75% of people with HIV are linked to care within 3 months of diagnosis, only 50% retain that care. It is critical for plan sponsors to provide members with clinical programs that ensure optimal use and adherence, and appropriate management of these complex, high-cost medications.

The Express Scripts Immunology Therapeutic Resource Center is dedicated to helping members with infectious diseases like HIV. The specialist pharmacists who work there are certified in caring for HIV patients and have training and experience in identifying factors that may lead to therapy failure and resistance. They coordinate with the patient and the person's healthcare team to address drug interactions, side effects, abnormal doses and therapy omissions. They also identify unnecessary therapy changes that may result in drug waste. As an industry best practice, Express Scripts recommends working with specialist pharmacists in treating chronic conditions like HIV.

PLAN DESIGN DRIVES HIGHER MEMBER COST-SHARE, LOWER PLAN COSTS AND GREATER GENERIC DRUG USE

MORE MEMBERS PAY 100% OF THEIR CLAIMS COSTS IN HEALTH EXCHANGE PLANS

CLAIMS WHERE 100% OF COST IS BORNE BY MEMBER



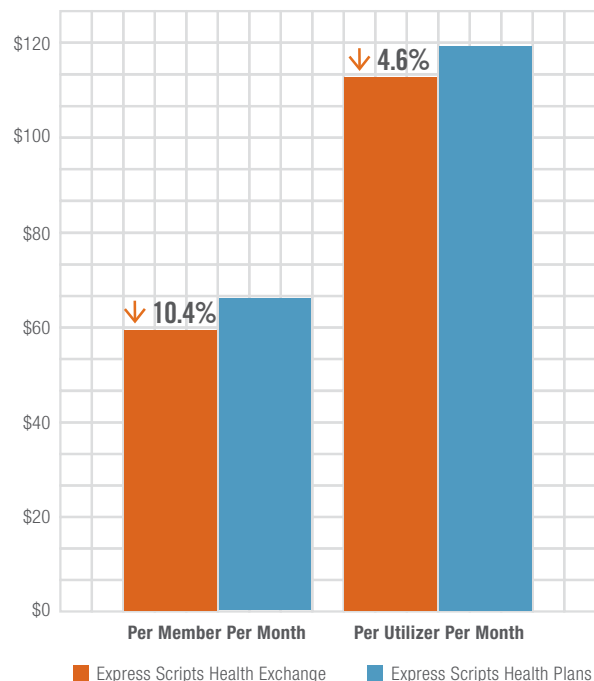
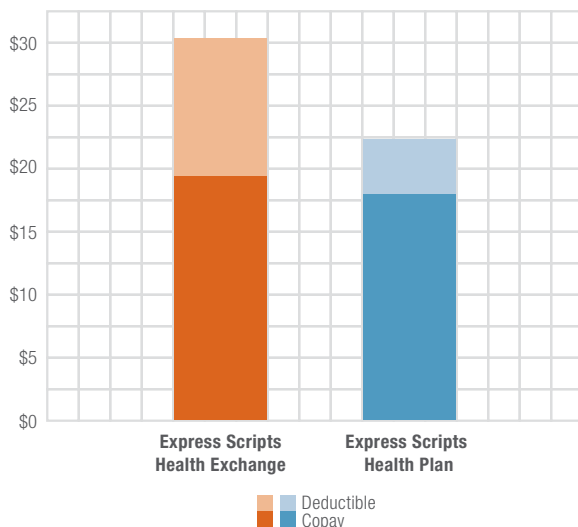
HEALTH EXCHANGE MEMBERS HAVE HIGHER OUT-OF-POCKET COSTS

- Health exchange members pay 36% more in total out-of-pocket costs, which is largely attributed to higher deductibles and co-payments.

PHARMACY PLAN COSTS PER MEMBER ARE 10.4% LOWER FOR HEALTH EXCHANGE PLANS

OVERALL PLAN COSTS

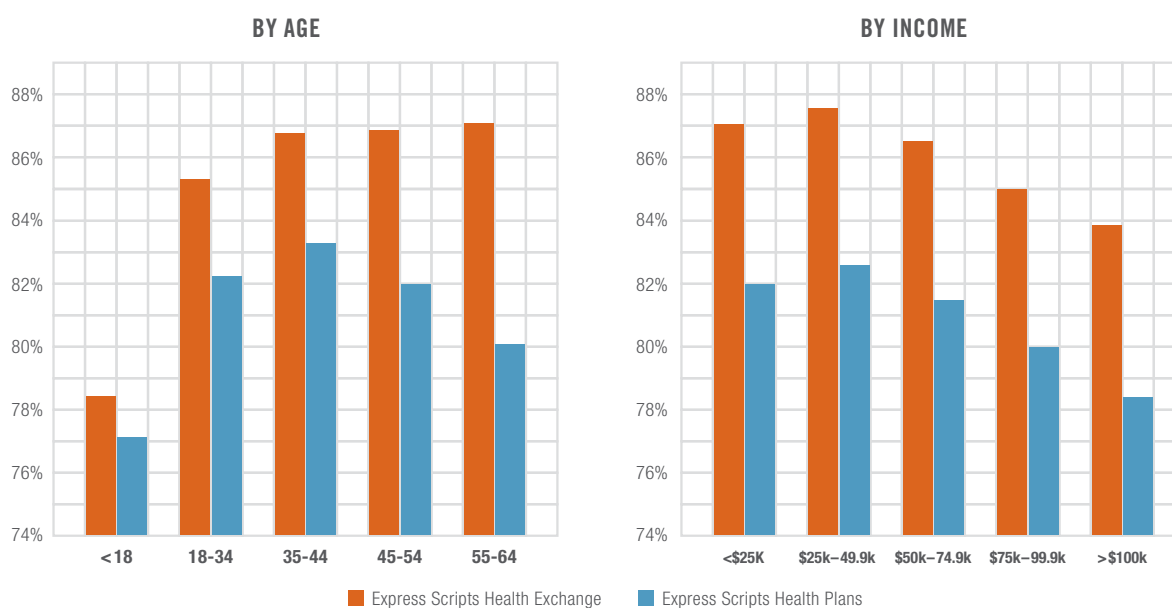
DEDUCTIBLE AND COPAY PER UTILIZER PER MONTH



GENERIC MEDICATION USE IS 6.4% HIGHER IN HEALTH EXCHANGE PLANS

- 86.8% of exchange plan prescriptions were for generic medications compared to 81.6% for health plans.
- Across most therapy classes, age groups and income levels, health exchange members use generic drugs more often than commercial health plan members.
- The exchange plan design is more restrictive and offers greater cost incentives for generic medication use, such as greater copay differentials between generic, preferred brand and non-preferred brand drugs. For example, a health exchange member will pay about \$26 more for a preferred brand and \$50 more for a non-preferred brand at a retail pharmacy, while a health plan member will pay about \$14 and \$28 more, respectively.
- A larger population of low-income members in health exchange plans may not be able to afford brand-name medications.

GENERIC FILL RATE



IMPLICATIONS

We continue to see a higher percentage of claims that are fully paid by health exchange members, reflecting the fact that these plans are more likely to have higher deductibles. In addition, member cost-share continues to be greater in health exchange plans, which is likely due to plan design and higher copayments.

Interestingly, while expensive brand and specialty drugs are driving member cost-share higher, there is a statistically significant difference in the generic fill rate between health exchange and health plan members. Again, plan design appears to be a key factor driving this difference.

We attribute the lower plan costs for exchange members to two factors. First, to contain costs, 41% of our exchange health plan partners have implemented home delivery and 48% have implemented narrow networks. Second, commercially insured health plan programs tend to be more robust with richer health benefits, which drive up costs.

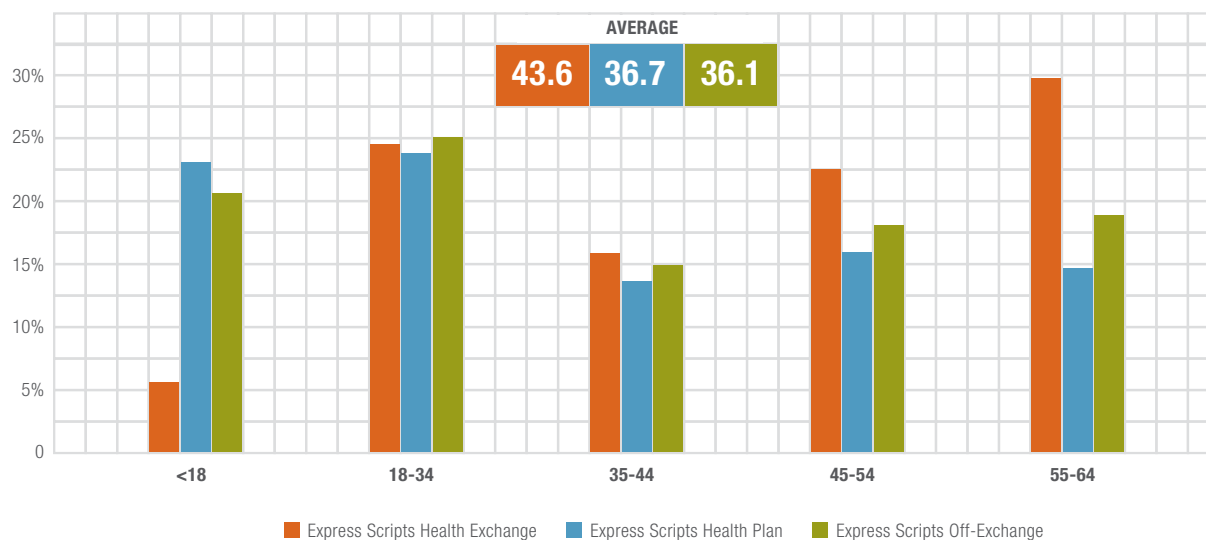
We will continue to monitor the health exchange dynamics around deductibles and out-of-pocket maximum amounts. As the health exchange population meets these limits, it is expected that insurers will be required to pick up all remaining costs associated with their members' healthcare.

OFF-EXCHANGE MEMBERS CLOSELY RESEMBLE HEALTH PLAN MEMBERS

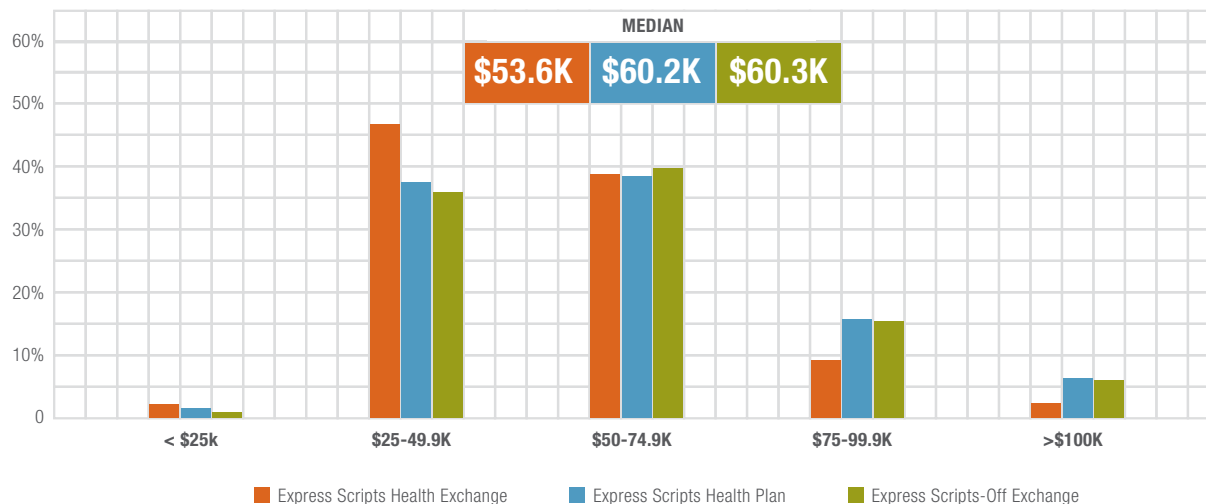
OFF-EXCHANGE AND HEALTH PLAN MEMBERS ARE IN SIMILAR AGE AND INCOME GROUPS

- The average age of off-exchange members is almost identical to that of health plan members, whereas the health exchange population averages 7.5 years older.
- Off-exchange and health plan members have similar median incomes, while the median income for health exchange members is about \$6,700 lower.

AGE OF POPULATION



INCOME OF POPULATION



PHARMACY BENEFIT USE IS SLIGHTLY HIGHER AMONG OFF-EXCHANGE MEMBERS

- 62% of off-exchange members have used their pharmacy benefit compared to 55% of health plan members and 49% of health exchange members.

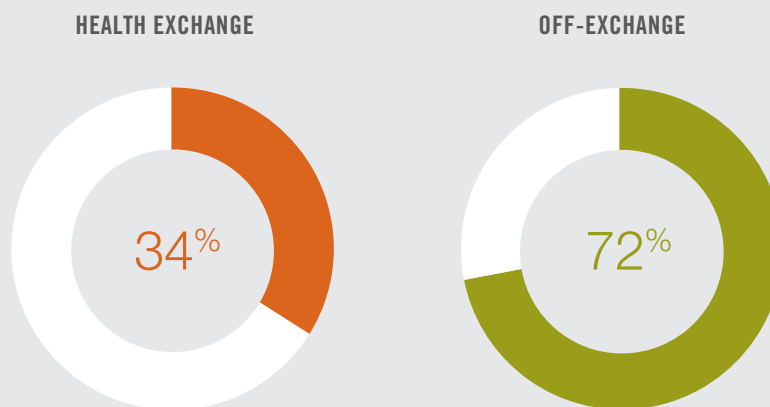
GENERIC DRUG USE IS NEARLY IDENTICAL AMONG OFF-EXCHANGE AND HEALTH PLAN MEMBERS

- The average generic fill rate for off-exchange members is 81.8% compared to 81.6% for health plans.

A SIGNIFICANT PERCENTAGE OF OFF-EXCHANGE MEMBERS HAD EXPRESS SCRIPTS COVERAGE IN 2013

- 72% of the off-exchange population was enrolled in a plan administered by Express Scripts in 2013 compared to only 34% of health exchange members.
- The remaining 28% were either previously uninsured or enrolled in a health plan with drug coverage administered by another organization.

PRIOR DRUG COVERAGE FROM EXPRESS SCRIPTS IN 2013



IMPLICATIONS

Off-exchange plans provide health insurance for higher income individuals who do not have coverage through an employer or other organization, and who do not qualify for the government subsidies offered on the public health exchanges. Off-exchange coverage includes non-subsidized, ACA-compliant plans that are purchased directly from providers, as well as noncompliant grandfathered plans that were purchased prior to healthcare reform. The off-exchange population is a hybrid comprising demographics and traits of both the health plan and health exchange groups.

Unlike the public health exchange, the off-exchange market is not new, so it's logical to find many similarities between the off-exchange and health plan populations. Given that almost 75% of off-exchange members had coverage from Express Scripts in 2013, it's likely that these members chose to have health insurance before it was mandated by law. Therefore, they have been proactively treating and managing their health issues all along. Many health exchange members, on the other hand, did not have health insurance for years, enabling their health conditions to worsen into a chronic state.

WHILE ALL THREE GROUPS HAVE SIMILAR CONDITIONS, OFF-EXCHANGE PLAN COSTS ARE NOTICEABLY HIGHER

TOP CHRONIC CONDITIONS AND COSTLIEST MEDICATIONS ARE SIMILAR ACROSS ALL THREE GROUPS, WITH NOTABLE DISTINCTIONS

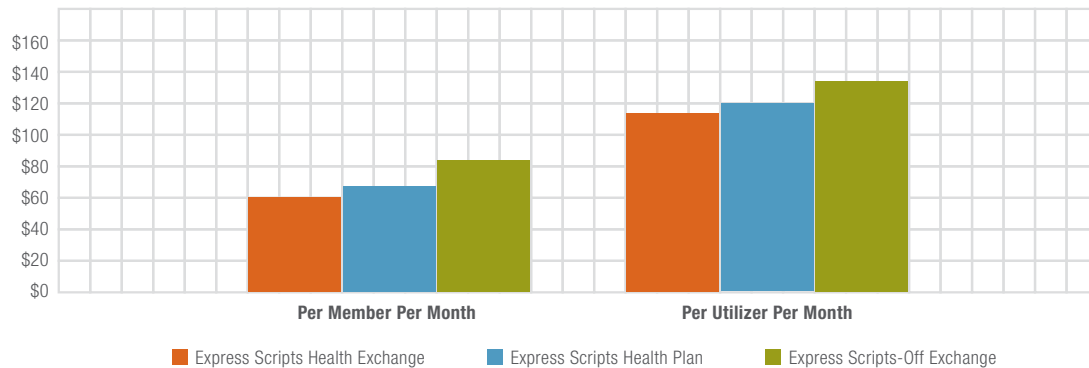
- Almost 1% of off-exchange adjusted claims are for specialty conditions, compared to 0.82% in health plans and 1.3% in health exchange plans.
- 32% of off-exchange total pharmacy spend is for specialty medications compared to 28% in health plans and 38% in health exchange plans.
- The costliest conditions are identical for off-exchange and health plan members, while only the health exchange population has HIV and hepatitis C in the top 3.
- Sovaldi has become one of the top 3 costliest medications across all three populations.

	HEALTH EXCHANGE	HEALTH PLAN	OFF-EXCHANGE
Top Conditions by Claims Volume	Hypertension/Heart Disease	Hypertension/Heart Disease	Hypertension/Heart Disease
	Depression	High Cholesterol	High Cholesterol
	High Cholesterol	Depression	Depression
Specialty Conditions by Claims Volume	HIV (57%)	Transplant	HIV (23%)
	Transplant	Inflammatory	Transplant
	Inflammatory	HIV (20%)	Inflammatory
Top Conditions by Claims Cost	HIV	Diabetes	Diabetes
	Diabetes	Inflammatory	Inflammatory
	Hepatitis C	Multiple Sclerosis	Multiple Sclerosis
Costliest Medications	Sovaldi®	Humira®	Humira®
	Atripla®	Sovaldi®	Sovaldi®
	Humira®	Compounds	Enbrel®

OFF-EXCHANGE COSTS ARE SIGNIFICANTLY HIGHER FOR PLAN SPONSORS AND MEMBERS

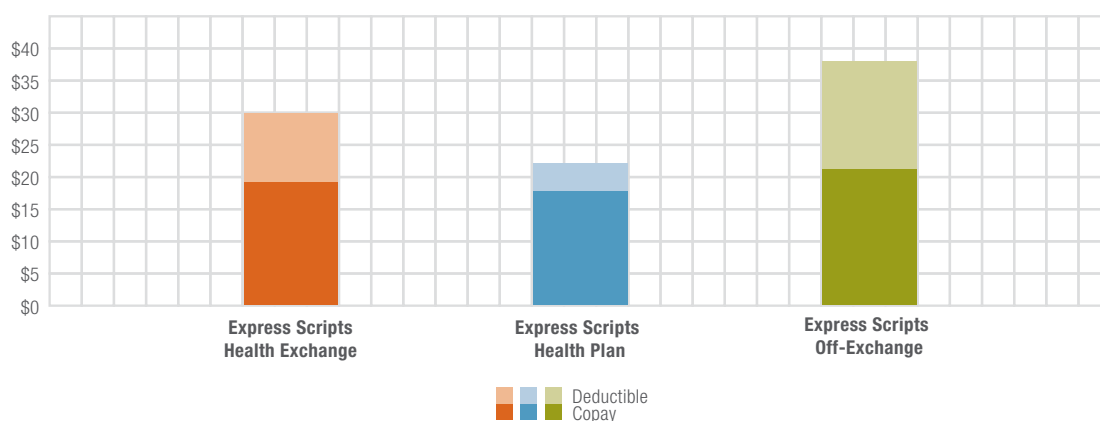
- Off-exchange plan costs per member per month (PMPM) are 40% higher than for health exchange plans and 25% higher than for commercial health plans.
- Off-exchange plan costs per utilizer per month (PUPM) are 18% higher than for health exchange plans and 12.5% higher than for commercial health plans.

OVERALL PLAN COSTS



- The deductible for off-exchange members is 57% higher than for health exchange members and 293% higher than for health plan members.
- Off-exchange copayments are 10% and 19% higher than health exchange and health plan copayments, respectively.

DEDUCTIBLE AND COPAY PER UTILIZER PER MONTH



IMPLICATIONS

Although the top chronic conditions and costliest medications are very similar among all three health insurance populations, plan costs and member cost-shares are noticeably higher in the off-exchange plans. This cost differential is likely the result of plan design, with off-exchange plans typically having more robust benefits and higher deductibles.

As demonstrated by our three national samples of de-identified pharmacy claims data, off-exchange members also appear to be knowledgeable about healthcare and use their pharmacy benefit at a higher rate (62%) than commercially insured health plan members (55%) and health exchange members (49%).

GLOSSARY OF TERMS

INDUSTRY

- **On-exchange members:** Individuals who purchase health insurance from the public exchanges (Health Insurance Marketplace) and who may receive government-subsidized or discounted rates.
- **Off-exchange members:** Individuals who purchase ACA-compliant plans directly from health insurers. This group may also include those who had purchased noncompliant grandfathered plans before the ACA went into effect.
- **Commercial health plan members:** Individuals who have medical and pharmacy coverage provided by an employer. This group does not include individuals covered by Medicare or Medicaid.
- **Early enrollee:** A public health exchange member whose benefits began by February 28, 2014.
- **Later enrollee:** A public health exchange member whose benefits began on or after March 1, 2014.

PHARMACY

- **Adjusted claims/Adjusted Rx:** A metric used to standardize the claims volume statistic for the difference in average days' supply for mail (90 days) and retail (30 days). Adjusted pharmacy claims are calculated by dividing the days' supply for a claim by 30.5 (to account for different days in each month). For example, a 90-day supply would be counted as $90/30.5 = 2.95$ adjusted claims.
- **Member:** An individual who is enrolled in a pharmacy benefit plan, but who may not use the benefit or file any pharmacy claims.
- **Utilizer:** A member who has used his or her pharmacy benefit by filling at least one pharmacy claim.
- **Total cost:** The full pharmacy benefit cost inclusive of the plan cost (amount the plan pays) and member cost-share (amount the member pays).
- **Claims volume:** The number of adjusted claims for a specific drug class divided by the number of adjusted claims for all drug classes.
- **Claims costs:** The cost for a specific drug class divided by the total cost for all drug classes.
- **Claims per member:** The total adjusted claims divided by the total number of plan members.
- **Per member per month (PMPM):** The total cost of interest (plan cost, member cost, copay, deductible) divided by the total number of months all members are enrolled. For example, if the plan has 100 members who have collectively been enrolled for 500 months and a total cost of interest of \$10,000, the PMPM would be: $\$10,000/500 = \20 .
- **Per utilizer per month (PUPM):** The total cost of interest divided by the total number of months all utilizers are enrolled. For example, if the same plan as above has only 50 utilizers who have collectively been enrolled for 300 months, then the PUPM would be: $\$10,000/300 = \33.33 .

FORMULARY

- **Hypertension only:** Medications that are only approved to treat high blood pressure (for example, diuretics).
- **Hypertension/heart disease:** Medications that are approved to treat high blood pressure and other cardiovascular diseases such as heart failure (for example, angiotensin-converting-enzyme inhibitors, angiotensin II receptor blockers and beta blockers).

LEARN MORE ABOUT HOW THESE UNIQUE INSIGHTS CAN HELP YOU GROW AND BETTER MANAGE YOUR HEALTH EXCHANGE AND OFF-EXCHANGE MEMBERS

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