



MARCH 2016

Express Scripts 2015 Drug Trend **Report Executive Summary**

THE EXPRESS SCRIPTS LAB™

Together we brought down out-of-pocket costs for patients and slowed the increase in U.S. drug spend.

Going into 2015, healthcare payers faced an uphill battle. The previous year, U.S. prescription drug spending had increased at its highest rate since 2003, and specialty drug prices in particular were poised to go on rising rapidly.

However, when the right innovative pharmacy management tools and strategies are put in place, plans become better positioned to manage their pharmacy spend and reduce correlated healthcare costs for the patients they serve. Our vision is for everyone to have access to affordable medications and we work tirelessly toward that goal. Our continued success relies on our commitment to do what's right for our clients and to always keep our patients at the center of everything we do.

Medication affordability improves access and patient health.

COMPONENTS OF TREND

2015

| | PMPY* SPEND | TREND | | |
|--------------------|-------------------|-------------|-------------|-------------|
| | | UTILIZATION | UNIT COST | TOTAL |
| Traditional | \$708.09 | 1.9% | -2.1% | -0.1% |
| Specialty | \$352.66 | 6.8% | 11.0% | 17.8% |
| TOTAL TREND | \$1,060.75 | 2.0% | 3.2% | 5.2% |

January-December 2015 compared to same period in 2014, commercially insured. Reflects total cost for both payers and patients.

*Per Member Per Year

OVERALL DRUG TREND



U.S. drug spending increased 5.2% in 2015 – half the rate seen in 2014. Solutions that encouraged the use of more affordable medications helped to hold down costs.

TIGHTLY MANAGED DRUG TREND



Express Scripts clients who tightly managed their benefit held their 2015 drug spend increase, on average, to 3.3%. **If all U.S. plans adopted similar strategies, national drug spend would have been reduced by \$6 billion.**

AVERAGE PATIENT COPAY



Average monthly copayments for Express Scripts members decreased 3.2% in 2015, as a result of plan sponsors and Express Scripts acting together to improve affordability and access.

Together we are reinventing specialized care while decreasing spend for patients and clients.

Specialty medications accounted for 37% of drug spend in 2015 and are expected to reach 50% by 2018. Express Scripts is addressing this ongoing challenge for our clients and patients by combining our deep emphasis on clinical specialization with our commitment to bold action to drive down medication costs.



Treating a historic number of patients with hepatitis C

- Nearly 50,000 Express Scripts and Accredo® patients received curative therapy for hepatitis C in 2015.
- Accredo delivered industry-leading adherence of 93-94%, compared to 83-92% at other retail and specialty pharmacies.
- After Express Scripts secured a 50% discount on the cost of hepatitis C therapy, our clients saved more than \$1 billion in 2015.



Paving the way for biosimilars through Express Scripts National Preferred Formulary

- Since 2006, governments around the world have been using biosimilars to lower healthcare costs while experiencing no related safety issues.
- Biosimilars offer a savings opportunity in the U.S. of \$250 billion over the next decade, including nearly \$39 billion over the next three years.
- Express Scripts National Preferred Formulary has proven successful in prompting doctors to switch to effective, lower cost alternatives. Plans have saved \$3 billion since 2014 alone.



Revealing insights about patient populations within the public healthcare exchanges

- Overall trend for the exchange population is 14.6%, higher than the trends for commercial, Medicare and Medicaid populations.
- Trend in the public healthcare exchanges was driven by increases in utilization (8.6%) and drug costs (6.0%). The increased utilization was a far more significant driver of trend than in other populations.
- In the exchange population, utilization increases for traditional medications outpaced those for specialty drugs (8.7% vs. 4.7%), a trend that may be due to patients in this population filling a previously unmet need for care of more common conditions such as diabetes and heart disease.

“We work every day to ensure our customers have access to high-quality care, while maintaining affordability.

Together, Premera and Express Scripts are delivering solutions that matter to our customers and make healthcare work better.”

Dr. John Espinola
Executive Vice President, **Premera Blue Cross**

Together we took a stand against brand inflation and other predatory tactics that drove up costs.

The average price of brand-name drugs rose 16.2% in 2015, and 98.2% since 2011. One-third of branded products had price increases greater than 20% in 2015. Moreover, the industry faced opportunistic manufacturers who exploited monopolies with old generic medications and captive pharmacy arrangements, and ongoing scheming by compounding pharmacies to promote sales of high-priced, no-value compound medications.



Curbing compound pharmacies

- Clients who implemented Express Scripts compound management solution realized a 97% drop in total plan costs for expensive compounded medications.



Bringing down brand inflation

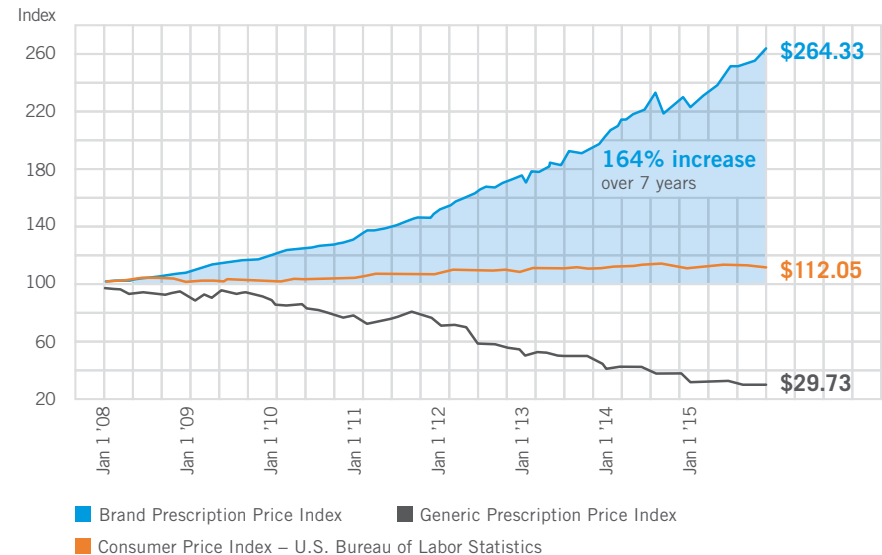
- Our National Preferred Formulary will deliver \$1.3 billion in savings in 2016. Clients enrolled since 2014 will save a total of \$3 billion, with minimal impact to patients.
- Through negotiations with manufacturers, we achieved rebates for our clients that lowered overall drug trend by 2.7 percentage points.
- When the price of Daraprim® jumped 5,000% to \$750 per pill, Express Scripts championed a \$1 per pill alternative.



Driving generic utilization

- Three-tier formularies achieved an average generic fill rate (GFR) 2.5% higher than those with two tiers. A 1% increase in GFR reduces annual drug costs for plan sponsors by up to 2.8%.

THE EXPRESS SCRIPTS PRESCRIPTION PRICE INDEX



“Express Scripts made a bold move to keep costs in check. Priority Health supported these efforts and adopted the Inflation Protection Program. Express Scripts paved the way for us to combat unsustainable pricing practices for our members who deserve access to affordable medications.”

Steve Marciniak, R.Ph.
Vice President, Pharmacy Programs, **Priority Health**

Traditional therapy classes and insights

COMPONENTS OF TREND FOR THE TOP 10 TRADITIONAL THERAPY CLASSES

RANKED BY 2015 PMPY SPEND

| RANK | THERAPY CLASS | PMPY* SPEND | TREND | | |
|--------------------------|-----------------------------------|-----------------|-------------|--------------|-------------|
| | | | UTILIZATION | UNIT COST | TOTAL |
| 1 | Diabetes | \$77.50 | 6.7% | 7.4% | 14.0% |
| 2 | Pain/inflammation | \$40.65 | 0.8% | 2.1% | 2.9% |
| 3 | High blood cholesterol | \$32.66 | -0.3% | -8.8% | -9.2% |
| 4 | Attention disorders | \$29.44 | 5.9% | 2.5% | 8.5% |
| 5 | High blood pressure/heart disease | \$25.70 | 2.4% | -14.9% | -12.5% |
| 6 | Heartburn/ulcer disease | \$23.95 | -0.7% | 36.3% | 35.6% |
| 7 | Mental/neurological disorders | \$23.28 | 2.4% | -2.2% | 0.2% |
| 8 | Asthma | \$22.72 | 5.8% | -7.5% | -1.6% |
| 9 | Compounded drugs | \$20.62 | -55.7% | 1.8% | -53.9% |
| 10 | Skin conditions | \$20.18 | 1.4% | 26.4% | 27.8% |
| TOTAL TRADITIONAL | | \$565.00 | 1.9% | -1.4% | 0.6% |

January-December 2015 compared to same period in 2014, commercially insured. Reflects plan cost only.
*Per Member Per Year

DIABETES



Three of the top five traditional drugs in total spend were diabetes medications. However, top-prescribed Lantus® (insulin glargine), the preferred insulin on the Express Scripts National Preferred Formulary, had a 13.7% decrease in unit cost.

FORECAST Spend will likely increase 18% in 2016.

ADHD



Spending on ADHD medications increased 8.5%, due largely to increased utilization.

FORECAST Annual spend will likely increase at progressively smaller rates through 2018.

SKIN CONDITIONS



The unit cost for medication to treat skin conditions increased 26.4% in 2015, due to drugmaker consolidation.

FORECAST Annual trend will likely decrease to 11% in 2018 as plans reap additional benefits from Express Scripts 2015 trend management.

Specialty therapy classes and insights

COMPONENTS OF TREND FOR THE TOP 10 SPECIALTY THERAPY CLASSES

RANKED BY 2015 PMPY SPEND

| RANK | THERAPY CLASS | PMPY* SPEND | TREND | | |
|------|-------------------------|-----------------|-------------|--------------|--------------|
| | | | UTILIZATION | UNIT COST | TOTAL |
| 1 | Inflammatory conditions | \$89.10 | 10.3% | 14.7% | 25.0% |
| 2 | Multiple sclerosis | \$53.31 | 3.5% | 6.2% | 9.7% |
| 3 | Oncology | \$49.62 | 9.3% | 14.4% | 23.7% |
| 4 | Hepatitis C | \$38.44 | -2.2% | 9.2% | 7.0% |
| 5 | HIV | \$31.53 | 4.6% | 12.0% | 16.6% |
| 6 | Growth deficiency | \$7.12 | 2.8% | 2.8% | 5.6% |
| 7 | Cystic fibrosis | \$6.64 | 12.5% | 40.9% | 53.4% |
| 8 | Pulmonary hypertension | \$5.85 | 13.4% | 4.8% | 18.1% |
| 9 | Hemophilia | \$5.79 | 4.9% | 15.4% | 20.4% |
| 10 | Sleep disorders | \$4.57 | 5.5% | 18.5% | 24.1% |
| | TOTAL SPECIALTY | \$341.21 | 6.8% | 11.0% | 17.8% |

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*Per Member Per Year

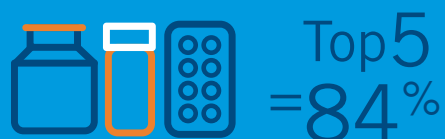
INFLAMMATORY CONDITIONS



The prices for Enbrel® (etanercept) and Humira® Pen (adalimumab) increased more than 17% in 2015.

FORECAST Biosimilars for two of the top three drugs in this class, Remicade® (infliximab) and Humira® Pen (adalimumab), may reach the U.S. market in 2017.

MULTIPLE SCLEROSIS



The top five most prescribed multiple sclerosis medications accounted for 84% of 2015 spend in this class.

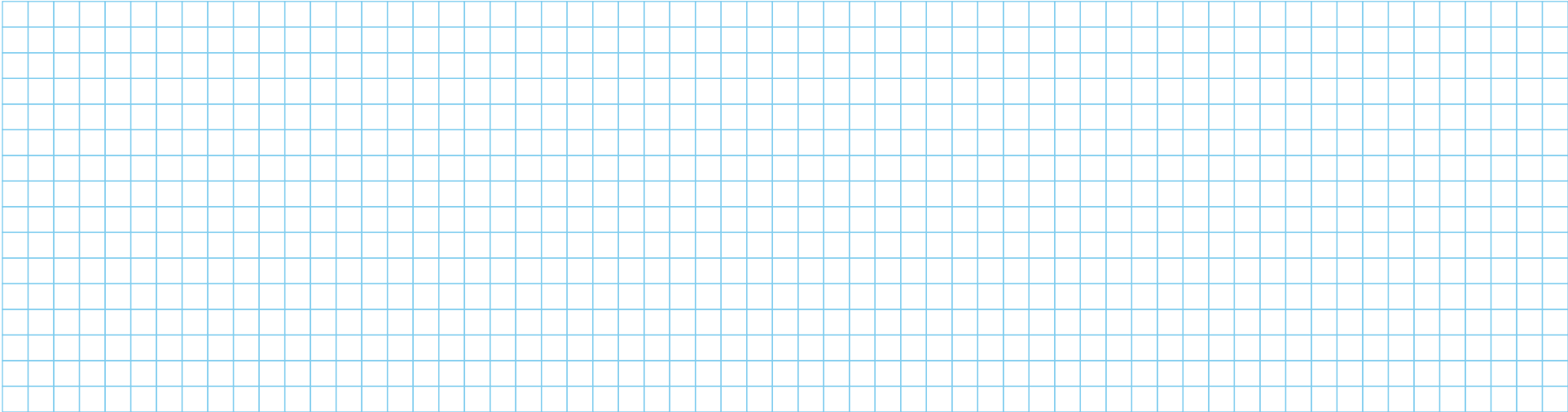
FORECAST Brand inflation will continue to drive trend between 7% and 11% annually over the next three years.

ONCOLOGY



Gleevec® (imatinib) and Revlimid® (lenalidomide) accounted for more than 22% of oncology spend in the pharmacy benefit.

FORECAST Trend will continue to increase at approximately 20% annually over the next three years.



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lab.express-scripts.com
Get the insights

