



APRIL 2014

THE 2013 DRUG TREND REPORT HIGHLIGHTS

THE EXPRESS SCRIPTS LAB®



EXPRESS SCRIPTS REPORTS LOWEST SPECIALTY DRUG TREND SINCE 2007

In 2013, spending on prescription drugs increased 5.4% after several years of slower-paced growth. Drug trend continued to outpace inflation, although not as dramatically as it did in the 1990s and early 2000s. Despite better availability of lower-cost generic medications, the increased spending was primarily driven by higher brand prices and increasing utilization of expensive specialty medications.

U.S. spending on specialty medications increased only 14.1% in 2013, driven by:

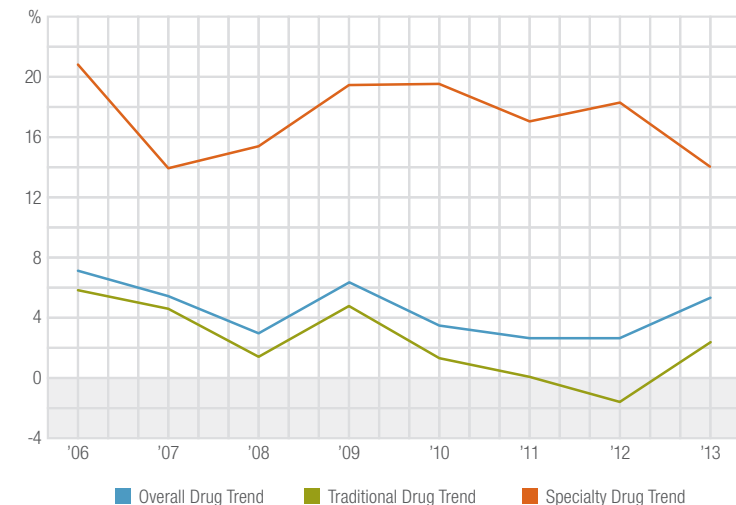
- The decrease in utilization for hepatitis C medications (no longer ranked in the top 10 specialty therapy classes)
- Fewer new drug approvals
- Most approvals for medications indicated to treat less common conditions
- Better trend management

But this slower growth rate is only temporary as specialty-drug spend is forecast to increase an additional 63% between 2014 and 2016.

The leading driver of the steep spending forecast for specialty medications is hepatitis C. With new medications costing more than \$80,000 for a 12-week course of treatment, Express Scripts forecasts that U.S. spending on hepatitis C medications will increase 1,800% between 2014 and 2016. No major therapy class has experienced this high of a rate increase in the 21 years Express Scripts has recorded drug trend data.

COMPONENTS OF OVERALL DRUG TREND

EXPRESS SCRIPTS 2006 – 2013



Along with the cresting of the patent cliff (the wave of blockbuster patent expirations which drove unprecedented generic competition in 2012), price inflation for branded diabetes medications, the costliest traditional therapy class when ranked by per-member-per-year (PMPY) spend, led to higher traditional trend than in recent years.

HIGHLIGHTS AND COMPONENTS OF DRUG TREND BY POPULATION

COMMERCIAL TREND

Accounting for less than 1% of all U.S. prescriptions in 2013, specialty medications accounted for more than a quarter (27.7%) of the country's total pharmacy spend for the first time.

	PMPY SPEND	TREND		
		UTILIZATION	UNIT COST	TOTAL
Traditional	\$628.00	0.5%	1.9%	2.4%
Specialty	\$240.57	2.5%	11.6%	14.1%
TOTAL OVERALL	\$868.57	0.5%	4.9%	5.4%

MEDICAID TREND

Relatively flat utilization and unit cost led to less than 1% growth in spending for traditional medications, which contributed 77.7% of total PMPY spend. Despite a significant increase in utilization for specialty medications, overall specialty spending increased only 11.7%.

	PMPY SPEND	TREND		
		UTILIZATION	UNIT COST	TOTAL
Traditional	\$506.68	0.3%	0.4%	0.7%
Specialty	\$145.54	4.3%	7.5%	11.7%
TOTAL OVERALL	\$652.22	0.4%	2.6%	3.0%

MEDICARE TREND

Spend for traditional medications was flat from 2012 to 2013, as the 3.7% increase in utilization was offset by an equal decrease in unit cost. Specialty medication utilization declined slightly, but unit cost rose 15.3%.

	PMPY SPEND	TREND		
		UTILIZATION	UNIT COST	TOTAL
Traditional	\$2,045.07	3.7%	-3.7%	0.0%
Specialty	\$496.68	-0.6%	15.3%	14.7%
TOTAL OVERALL	\$2,541.75	3.7%	-1.1%	2.6%

OVERALL TREND INSIGHTS

- The negative trend in half of the top 10 traditional therapy classes, including high blood cholesterol and depression, was offset by an increase in spend for others, such as diabetes and infections, leading to a 2.4% increase in commercial traditional PMPY spend.
- The 15.3% increase in unit cost for specialty medications for Medicare was led by spend for cancer medications.
- Diabetes medications replaced asthma therapies as the costliest traditional therapy class for Medicaid.

COMPONENTS OF TREND FOR THE TOP 10 COMMERCIAL THERAPY CLASSES

RANKED BY 2013 PMPY SPEND

TRADITIONAL THERAPY CLASSES

For the third consecutive year, diabetes medications had the highest traditional PMPY spend, and among the top 10, they also had the highest increase in total spend in 2013. Six of the top 10 traditional therapy classes decreased in total spend, primarily driven by lower unit costs.

THERAPY CLASS	PMPY SPEND	TREND		
		UTILIZATION	UNIT COST	TOTAL
Diabetes	\$83.53	2.4%	11.6%	14.0%
High Blood Cholesterol	\$51.87	-2.1%	-12.3%	-14.4%
High Blood Pressure / Heart Disease	\$40.04	0.4%	-9.1%	-8.7%
Ulcer Disease	\$36.26	0.9%	-4.1%	-3.2%
Asthma	\$35.20	1.0%	-15.1%	-14.1%
Attention Disorders	\$32.83	5.3%	-1.3%	4.0%
Depression	\$31.58	1.5%	-10.5%	-9.1%
Mental / Neurological Disorders	\$23.41	-0.4%	-2.7%	-3.0%
Pain	\$22.77	-1.2%	2.8%	1.6%
Infections	\$18.97	-3.0%	9.2%	6.2%
Other	\$251.53	0.8%	10.4%	11.2%
TOTAL TRADITIONAL	\$628.00	0.5%	1.9%	2.4%

SPECIALTY THERAPY CLASSES

The top three specialty classes accounted for 60% of total specialty spend. For the first time, medications used to treat the symptoms of central nervous system (CNS) disorders, such as narcolepsy and Huntington's disease, ranked in the top 10 for specialty. These drugs also had the largest increase in total spend among the top 10.

THERAPY CLASS	PMPY SPEND	TREND		
		UTILIZATION	UNIT COST	TOTAL
Inflammatory Conditions	\$63.31	6.8%	15.0%	21.8%
Multiple Sclerosis	\$46.03	1.0%	14.7%	15.7%
Cancer	\$36.34	10.5%	13.6%	24.1%
HIV	\$26.54	2.3%	10.9%	13.2%
Growth Deficiency	\$8.87	-1.2%	9.9%	8.7%
Miscellaneous CNS Disorders	\$6.87	14.1%	25.1%	39.2%
Respiratory Conditions	\$6.79	4.0%	12.5%	16.5%
Anticoagulants	\$5.73	-2.8%	-7.3%	-10.1%
Transplant	\$5.07	2.0%	-0.2%	1.8%
Pulmonary Hypertension	\$4.96	1.8%	-1.2%	0.6%
Other	\$30.08	-7.1%	4.0%	-3.1%
TOTAL SPECIALTY	\$240.57	2.5%	11.6%	14.1%

TREND FORECAST (2014 – 2016) FOR KEY COMMERCIAL THERAPY CLASSES

RANKED BY 2013 PMPY SPEND

TRADITIONAL THERAPY CLASSES

Traditional trend is forecast to remain relatively stable, as spend for key classes is expected to increase only slightly year over year. Generic medications will keep drug costs from increasing substantially, offsetting any increased utilization.

THERAPY CLASS	TREND FORECAST		
	2014	2015	2016
Diabetes	11.2%	12.2%	10.5%
High Blood Cholesterol	-12.4%	-11.7%	-14.2%
High Blood Pressure / Heart Disease	-12.0%	-11.0%	-10.8%
Ulcer Disease	-14.9%	-7.4%	-5.8%
Asthma	-4.6%	-0.2%	0.8%
Attention Disorders	7.2%	5.2%	5.0%
Depression	-14.8%	-12.2%	-12.1%
Mental / Neurological Disorders	-9.6%	-21.9%	-16.9%
Pain	0.7%	1.6%	1.4%
Infections	-0.1%	-1.7%	-1.0%
Contraceptives	7.1%	7.8%	9.6%
Seizures	4.4%	4.8%	6.3%
TOTAL TRADITIONAL	2.0%	1.9%	1.9%

SPECIALTY THERAPY CLASSES

The lower specialty trend seen in 2013 is not expected to continue in 2014 – 2016 due to increased utilization as indications expand and specialty therapies are prescribed more often, by the continued development of expensive, highly targeted therapies and higher brand prices.

THERAPY CLASS	TREND* FORECAST		
	2014	2015	2016
Inflammatory Conditions	22.5%	21.5%	21.2%
Multiple Sclerosis	12.5%	11.7%	11.7%
Cancer	24.4%	24.7%	23.9%
HIV	13.3%	15.9%	13.1%
Growth Deficiency	9.7%	8.5%	10.0%
Miscellaneous CNS Disorders	45.9%	43.5%	42.8%
Respiratory Conditions	12.5%	131.6%	103.6%
Transplant	-2.6%	-3.6%	-3.4%
Pulmonary Hypertension	3.1%	2.2%	-1.2%
Hepatitis C	102.0%	208.8%	205.0%
TOTAL SPECIALTY	16.8%	18.0%	18.2%

*Trend is only forecasted for specialty medications billed through the pharmacy benefit.

WEEKLY INSIGHTS AND ANALYSIS IN AN ALL-IN-ONE, INNOVATIVE EXPERIENCE—THE REDESIGNED LAB.EXPRESS-SCRIPTS.COM

THE DRUG TREND REPORT'S NEW HOME

Explore the latest insights from the Express Scripts Lab through our new digital experience. The redesigned website combines our annual *Drug Trend Report* with ongoing insights from our researchers and collaborators. This timely, compelling content offers a deeper understanding of Health Decision ScienceSM, our unique approach to learning why people make the healthcare choices they do and helping them make decisions that lead to healthier outcomes.

Subscribe to receive weekly updates featuring the most recent articles, events, publications and insights. New content also includes rich multimedia—charts, videos, maps and infographics—that better explain our analysis and solutions.

DYNAMIC DIGITAL FEATURES

- Intuitive navigation and a pop-up menu that displays your location within the report
- Quick-read “Year in Review” with callouts and links to each section’s highlights
- Redesigned user experience with a search-friendly and easy-to-explore layout
- Responsive design that offers a seamless experience across desktop, tablet and mobile devices



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OPENING THE NEXT CHAPTER IN OUR LONG HISTORY OF RESEARCH AND INNOVATION—THE EXPANDED EXPRESS SCRIPTS LAB

IN SUPPORT OF BETTER HEALTHCARE DECISIONS

This year, we expanded the Express Scripts Lab in size, scope and function by bringing the experts behind Health Decision Science together under one roof. The new space is a reflection of our passion for patient care and our alignment with the needs of our clients.

Situated at the front line of healthcare innovation, this must-see destination occupies a space as flexible and inventive as the people gathered there—all working toward one goal: better decisions for healthier outcomes. When you visit the Lab, you will interact with healthcare researchers, clinical specialists and behavioral scientists face-to-face. Be prepared to feel the pulse of patient care today and see the potential for healthier outcomes tomorrow.



CONCEPTUAL RENDERINGS OF THE 13,000 SQ. FT. EXPANSION



WHAT'S NEW AT THE LAB?

- Hear from specialist pharmacists who counsel patients with chronic, complex conditions every day
- Collaborate with our cross-functional team of decision designers who are developing smart solutions
- Get an in-depth look at pilots and data visualizations that explore new solutions to solve your specific issues
- Experience firsthand an environment designed to enable better health decisions through innovation and curiosity



Published annually since 1997, the Express Scripts *Drug Trend Report* provides the healthcare industry's most detailed analysis of prescription drug costs and utilization. The report is developed and published by the Express Scripts Lab with contributions from researchers, clinicians and many others across the organization.

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