


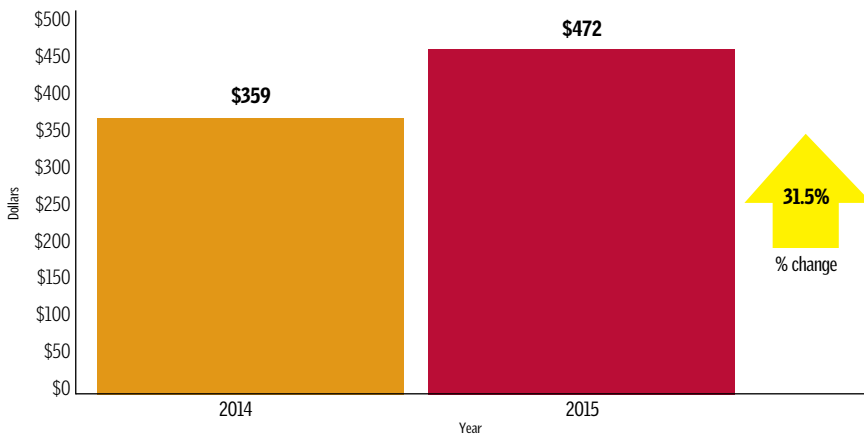
FACTFILE

Specialty Pharmacy Trends

The pharmacy benefit landscape today is complex and rapidly changing. One of the most significant drivers of pharmacy cost increases is the continued introduction of new specialty drugs into the marketplace. Worrisome trends, such as patent exclusivity, lack of high-quality alternatives, and lack of price regulation are making it critical for payers and employers—including large health systems—to better understand their specialty drug spend and find ways to combat the cost without reducing the quality of care. 

SIGNIFICANT INCREASE IN SPECIALTY DRUG COSTS (2014-2015)

Allowed amount per member per year (PMPY) for specialty drugs, both medical and pharmacy benefit

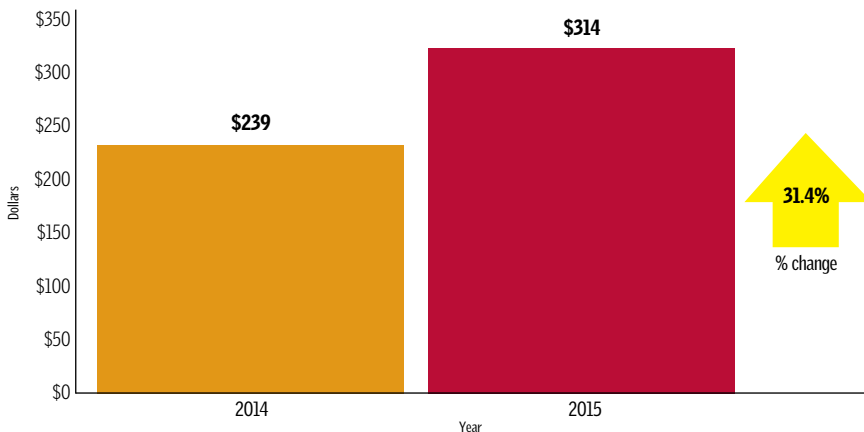


SOURCE: Truven Health Analytics.

SPECIALTY DRUGS ACCOUNT FOR LARGER PORTION OF COSTS UNDER THE PRESCRIPTION BENEFIT

Allowed amount pharmacy PMPY—specialty drugs

Overall, prescription drug costs under the pharmacy benefit increased by 10%. The majority of this was driven by an increase of 31.4% in the cost of specialty drugs, compared to 3% for nonspecialty drugs.



SOURCE: Truven Health Analytics.

Retail Prescription Drugs Filled at Pharmacies (Annually Per Capita)

Pharmacies fill 12.7 retail prescription drugs annually per capita in the United States. By state, the number of retail prescription drugs filled at pharmacies annually per capita ranges from a high of 22.0 in Kentucky to a low of 7.4 in Alaska.

Location	Retail Rx drugs per capita
United States	12.7
Alabama	17.7
Alaska	7.4
Arizona	12.5
Arkansas	15.8
California	11.8
Colorado	10.3
Connecticut	10.5
Delaware	14.9
District of Columbia	8.3
Florida	12.8
Georgia	13.1
Hawaii	8.4
Idaho	12.0
Illinois	12.5
Indiana	13.4
Iowa	14.4
Kansas	12.4
Kentucky	22.0
Louisiana	14.5
Maine	17.5
Maryland	10.1
Massachusetts	11.1
Michigan	14.3
Minnesota	11.0
Mississippi	17.7
Missouri	12.2
Montana	10.8
Nebraska	14.3
Nevada	12.8
New Hampshire	15.5
New Jersey	11.7
New Mexico	10.0
New York	12.7
North Carolina	10.6
North Dakota	13.7
Ohio	17.5
Oklahoma	11.5
Oregon	14.2
Pennsylvania	15.5
Rhode Island	13.0
South Carolina	13.6
South Dakota	13.3
Tennessee	18.7
Texas	8.2
Utah	10.5
Vermont	17.4
Virginia	11.7
Washington	13.2
West Virginia	21.8
Wisconsin	11.7
Wyoming	12.8

NOTES: Data shown here are for calendar year 2015 and include the number of prescription drugs filled at retail pharmacies only. Data are based on IMS's Vector One® database which collects data from a panel of retail pharmacies, third-party payers, and data providers. Retail pharmacies include independent pharmacies, chain pharmacies, food stores, and mass merchandisers found in 814 defined regional zones. These totals include prescriptions filled at pharmacies only and a small portion of over-the-counter medications and repackagers, and exclude those filled by mail order. Prescription drugs or Rx drugs are defined as all products filled by retail pharmacies, including new prescriptions and refills of both brand-name and generic drugs. Repackaged medication is defined as a drug product that has been transferred from the original manufacturer's market container or bulk dosage container into a different container for distribution.

SOURCE: Kaiser State Health Facts, Retail Prescription Drugs Filled at Pharmacies (Annual Per Capita), <http://kff.org/other/state-indicator/retail-rx-drugs-per-capita/>; IMS Health Incorporated; Special Data Request, 2016. Kaiser Family Foundation calculations based on 2014 civilian population estimates from the U.S. Census Bureau.

Upcoming Topic:

> Inpatient Demand Estimates

FACT FILE PARTNER:

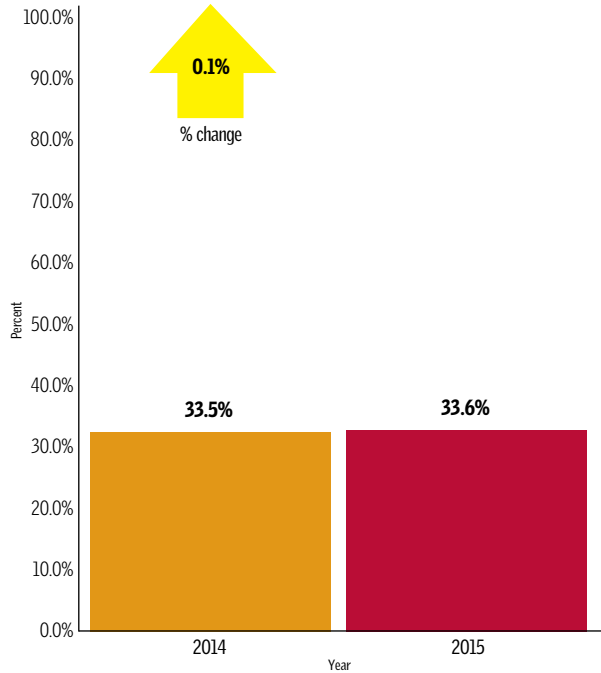
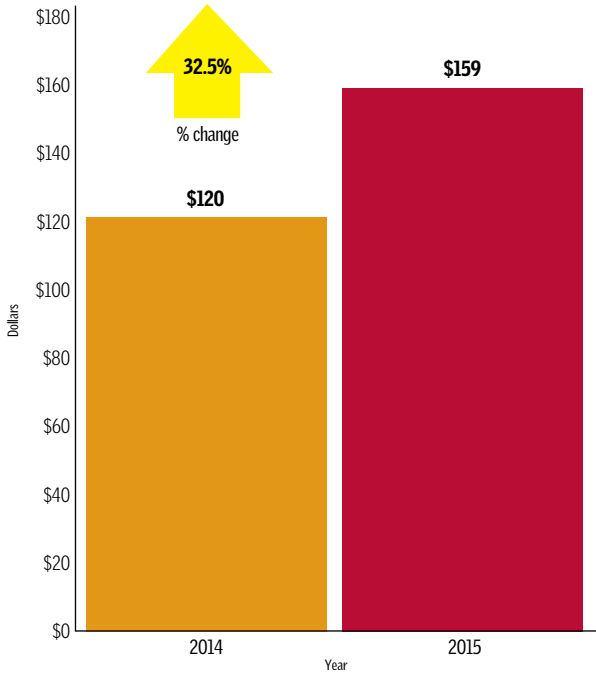


SPECIALTY DRUG COSTS NOT SHIFTING FROM THE MEDICAL BENEFIT

While costs also increased significantly under the medical benefit, the total percentage of costs covered under the medical benefit remained steady.

Allowed amount medical PMPY—specialty drugs

Percentage of specialty drugs covered under the medical benefit



SOURCE: Truven Health Analytics.

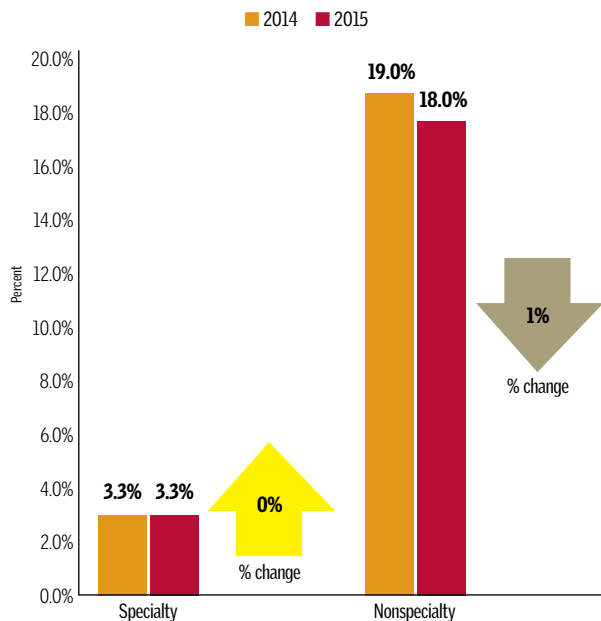
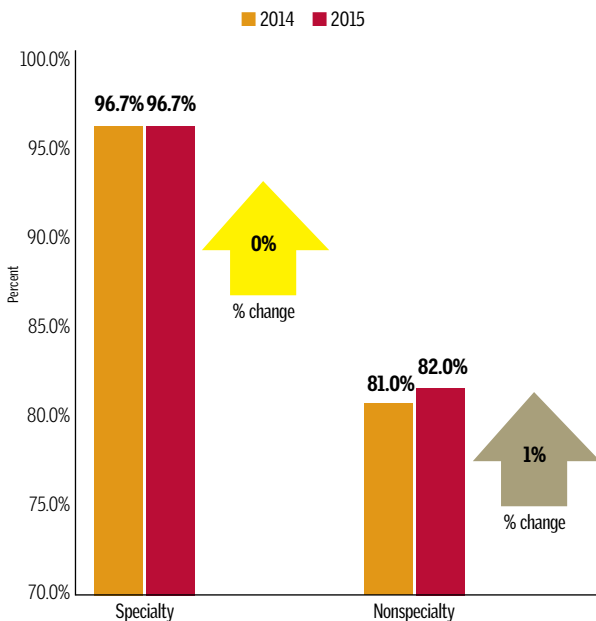
EMPLOYERS BEAR MOST OF BURDEN FOR SPECIALTY PHARMACY COSTS

Percent paid by employers under pharmacy benefit

Consumer out-of-pocket costs as a percentage of total costs

Employers are bearing a much higher percentage of the costs for specialty drugs compared to nonspecialty drugs (96.7% vs. 82.0%) under the pharmacy benefit. The same holds true for the medical benefit, where employers are paying 93.8% of the cost for specialty drugs.

Consumers are bearing a very small percentage of the total costs compared to nonspecialty prescription drugs (3.3% vs. 18.0%).



SOURCE: Truven Health Analytics.

