

PBMs	Express Scripts	CVS Caremark	Prime Therapeutics	MedImpact
Total drug trend	0.4% (down from 1.5% in 2017)	3.3% (driven by utilization increases and patient adherence)	3.3% (increase from 2017)	1.5% (1.6% in 2017), driven by unit cost increases
Specialty drug trend	9.5% increase (44.7% of total trend)	11.0% (1.7% drug price growth + 9.3% utilization)	11.7% (-0.5% unit cost + 12.2% utilization)	8.0% (4.3% utilization and 3.5% unit cost trend) - reduced cost trend as compared to 2017 (10.2%)
Traditional drug trend	-6.5% (55.3% of total trend)	-9.3% (-4.2% decline in price growth; -5.1% utilization dip)	-1.0% (1.1% utilization and -2.1% unit cost)	-2.3% (-1.6% utilization and -0.7% unit cost)
Utilization trend	0.8%	9.3% (specialty trend)	1.2%	-1.5%
Unit cost trend	-0.4% (down from 0.8% in 2017)	1.2%	-2.1% (-3.4 % in 2017)	3.0%
Generic dispensing rate	87.0% (Q3 2018)	87.5% (2017)	85.0% (2017)	89.5% (2018)
Key drivers of the drug trend	Drug trend is the lowest increase in 25 years for ESI, however, spending in specialty drug increase is driven by higher utilization (9.5% and unit costs (2.1%).	Specialty utilization has grown, driven by new therapies and expanding indications for existing drugs. Combining medical and pharmacy benefits, 60% of total drug spend is of specialty drugs.	Double-digit increase in utilization was seen for specialty drugs. High-cost autoimmune drugs being approved for more indications with increased marketing has driven utilization. To add to high utilization, unit cost trend for specialty reduced by only 0.5%.	Oncology drugs were responsible for maximum price trend. Antidepressants had the highest utilization increase from 2017 and highest cost increase was in drugs utilized for inflammatory diseases.
No. of plan sponsors saved/ savings	Drug spending decreased for 50% of commercial plans in 2018. \$2.4 billion savings was achieved through plans enrolled in SafeGuardRx program.	44% of clients saw their prescription drug prices decline.	\$1.6 billion total savings of NetResults formulary yielded up to \$14 net per member, per month, in 2018.	\$3.55 per-member, per-month savings was achieved by clients who moved to MedImpact.
Trend Forecast	Overall annual drug spending to increase about 2% over next three years.	N/A	N/A	Specialty spend is predicted to rise to \$475 billion - \$505 billion by 2023 across developed markets.
Sample size	34.2 million members (doesn't include Anthem members)	1,500 clients, covering 27.2 million lives	Commercial lives including HIX (Total Costs plan and member PMPM)	Commercial (including health plans and self-funded employers)

A look at PBM drug spending: Trend fueled by specialty drug growth

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Annual trend reports from the national pharmacy benefit managers can yield a wealth of knowledge and insights. Several key trends emerged through analysis of the 2018 drug trend reports from CVS Caremark, Express Scripts, Prime Therapeutics, and MedImpact. A complete analysis can be downloaded from the chart. IngenioRx* and OptumRx** reports are not included in this comparison, as they lack complete clarity and detail.

1. **Commercial drug trend grew at a minimal rate**, all in lower single digits with an average of 2 percent. Drug spend rise was highest for CVS and Prime, compared to 2017, and both reported a 3.3 percent growth. MedImpact reported a spend increase of 1.5 percent while Express Scripts managed drug spend increase with a 25-year low trend of 0.4 percent. While CVS and Express Scripts attributed most drug-spend increases to utilization, Prime and MedImpact noted unit drug cost increase as the leading driver of total drug-spend.
2. **Traditional drug spending slacks**, all PBMs reported a decline in spending on traditional drugs driven by high generic dispensing rates. Generic drug price reductions have led to unit cost decrease in classes dominated by generics—blood pressure/heart disease, high blood cholesterol, and pain/inflammation. On average, unit cost growth and utilization increase has been minimal or negative for blood pressure reduction and cholesterol-lowering drugs. Diabetes and asthma drugs—Humalog, Lantus, Trulicity, among others—are driving traditional drug spend.
3. **Specialty drug trend mushrooms**, remaining the largest cost driver of the commercial trend. Specialty drug spending increased by 8 percent to 11 percent for commercial clients of the PBMs. Autoimmune and inflammatory disease drugs, followed by oncology, and multiple sclerosis led the spend. Higher utilization, aided by newer therapies and indication expansions, contributed to specialty drug spend. Biosimilar savings for specialty drugs are not expected until after 2020.
4. **Top therapy areas**, which contributed to trend, are autoimmune/anti-inflammatory drugs, along with cancer drugs for lung and breast cancer, due to increased costs over older treatments and brand inflation. Market share shifts and increased requirements also played a part.
5. **Utilization trend increase was an independent contributor** to spend increase for most PBMs. Therapy classes driving spend through utilization are anti-diabetics, HIV/AIDS drugs, and anti-depressants. Any utilization reductions might be due to drug choice shifting to drugs covered under medical benefit versus the specialty formulary tier. Hepatitis C drugs, once a key spend driver, slid down in the top therapy class due to lower per-member, per-year cost. The reduced utilization may be a marker of continuous focused management of disease in the country and successful lowering of the disease pool.
6. **Unit cost increase curbed**, despite widely publicized increases in drug list prices. Achieved mostly through traditional drug spend management by opting for generics, PBMs have kept rising costs at bay by showcasing minimal unit cost increase. However, the generic wave was offset by specialty drug unit cost increases where biosimilar involvement is lacking.
7. **Forecasted trend mostly deals with generic entry**, biosimilar savings through inflammatory conditions and are expected to arrive later, as are anti-diabetic drug generics, which are not expected to reach market before 2023.

The burden of cost should be spearheaded by specialty drugs for the next few years. Specialty drugs trump traditional drugs in volume and value, accounting for mere 1 percent to 2 percent claims. Vertical integration of PBMs with insurers could give rise to a new pharmacy-medical benefit paradigm and holistic drug spending management approaches. Utilization management and formulary design innovations—site-of-service management and formulary exclusions—will continue to focus on drug classes to drive down cost.

*IngenioRx Trend report: Through the PBM drug trend report, IngenioRx is touting lower drug spend through management across both benefits—Medical and Pharmacy. The PBM has 0.2% commercial Pharmacy-only drug spend and \$38.76 PMPY incremental savings in 2018 (sample size - 6.1 million).

**OptumRx review: 8.3% reduction in average cost per claim was observed (highest decrease in average prescription cost over 10 years) despite 4.1 % increase in list price. (sample size - 850,000 claims). Specialty drugs 0.5% of total prescriptions.