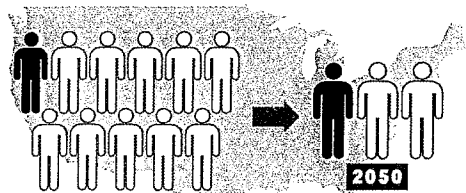


The Spike in Drug Costs: Diabetes

Advancements in pharmaceuticals can result in drugs that offer fewer side effects, improve a patient's quality of life and save lives, but what if not everyone can afford them?

GENERAL STATISTICS...



1 in 11 people
in the U.S. has diagnosed or undiagnosed diabetes.¹
This is expected to increase to
1 in 3 people by 2050.²



The cost of diagnosed diabetes in 2012 was
\$245 billion.³

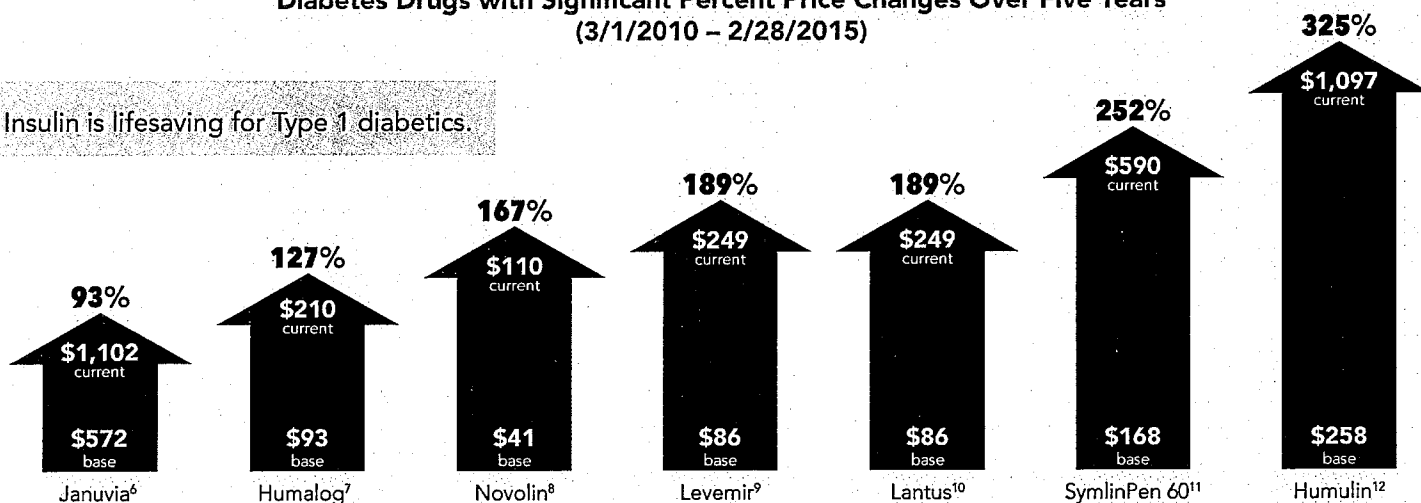


Primarily because of escalating drug costs, spending on insulin and other diabetes medications is expected to rise **18.3 percent** over the next three years,⁴ a rate of increase **60 times** greater than the recent income growth average of just **0.3 percent** across all households.⁵

DRUG PRICES ARE RISING AT AN UNSUSTAINABLE AND SEEMINGLY IRRATIONAL RATE.

Diabetes Drugs with Significant Percent Price Changes Over Five Years (3/1/2010 – 2/28/2015)

▶ Insulin is lifesaving for Type 1 diabetics.



Note: Price modifications will alter the values reflected above. Source: Medi-Span[®] Price Rx[®]. Figures reflect wholesale acquisition cost.

High costs affect both brand-name and generic drugs and span therapeutic areas. This graphic focuses on brand-name diabetes drugs, with no generic options yet available for insulin in the U.S.

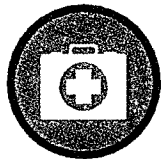
THERE'S ENORMOUS PRESSURE ON...



Consumers and their families, who may be faced with the difficult choice between paying for diabetes medications and other necessities.



Employers, who may be forced to make cuts to their overall benefits package in order to fund rising drug costs.



Health care providers, who treat an increase in uncontrolled diabetes & disease-related complications due in part to non-adherence to costly medications.



Health plans and other payers, who want to ensure the right people get the right drugs, yet whose budgets cannot finance the high cost of drugs.



Federal government, which is bearing an ever-growing share of the costs of these drugs, placing increasing pressure on the federal budget.

SOURCES

- ¹ <http://www.cdc.gov/diabetes/data/statistics/2014statisticsreport.html>
- ² <http://www.cdc.gov/media/pressrel/2010/r101022.html>
- ³ <http://www.cdc.gov/diabetes/pubs/statsreport14/national-diabetes-report-web.pdf>
- ⁴ <http://lab.express-scripts.com/drug-trend-report/>
- ⁵ <http://www.census.gov/newsroom/press-releases/2014/cb14-169.html>
- ⁶ Januvia Oral Tablet, Bottle of 100 (25MG, 50MG, or 100MG)
- ⁷ Humalog Mix Subcutaneous Suspension 100 UNIT/ML, 10ML vial of suspension (50/50 mix or 75/25 mix)
- ⁸ Novolin 70/30 Subcutaneous Suspension (70-30) 100 UNIT/ML, 10 ML vial of suspension; Novolin N Subcutaneous Suspension 100 UNIT/ML, 10 ML vial of suspension; and Novolin R Injection Solution 100 UNIT/ML, 10 ML vial of solution
- ⁹ Levemir Subcutaneous Solution 100 UNIT/ML, 10 ML of solution
- ¹⁰ Lantus Subcutaneous Solution 100 UNIT/ML, 10 ML of solution
- ¹¹ SymlinPen 60 Subcutaneous Solution Pen-injector 1500 MCG/1.5ML, 2 pens with 1.5 ML of solution
- ¹² Humulin R U-500 (concentrated) Subcutaneous Solution 500 UNIT/ML, 20 ML of solution



About ACHP

The Alliance of Community Health Plans (ACHP) is a national leadership organization bringing together innovative health plans and provider groups that are among America's best at delivering affordable, high-quality coverage and care. The community-based and regional health plans and provider organizations from across the country that make up ACHP's membership provide coverage and care for approximately 18 million Americans. These 23 organizations focus on improving the health of the communities they serve and are on the leading edge of innovations in affordability and quality of care, including primary care redesign, payment reforms, accountable health care delivery and use of information technology.

The Spike in Drug Costs: Rheumatoid Arthritis

Advancements in pharmaceuticals can result in drugs that offer fewer side effects, improve a patient's quality of life and save lives, but what if not everyone can afford them?

GENERAL STATISTICS



About 1.3 million Americans have rheumatoid arthritis (RA)¹ and this number is forecast to reach 1.68 million by 2020.²

RA can cause painful inflammation and swelling of joints that is sometimes severe, and can cause permanent disability.³



The cost of taking RA drugs can exceed \$1 million over the course of an individual's lifetime.⁴

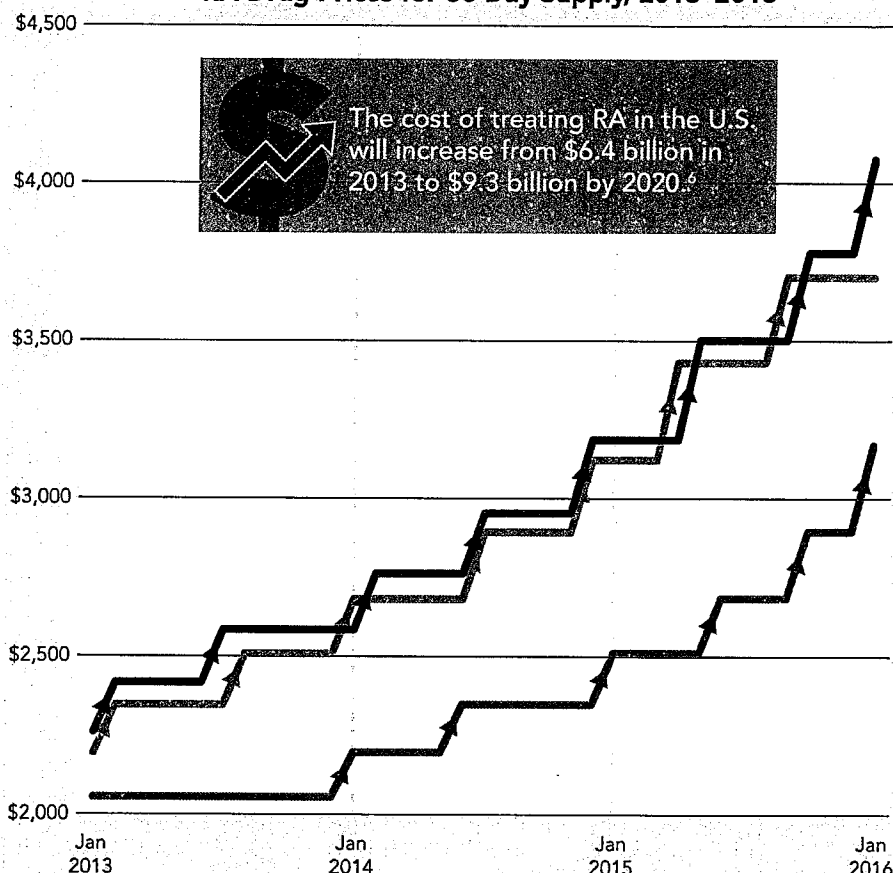
RA drugs can slow or modify the progression of the disease, but can be out of reach for many people because of their cost.



Sixty percent of people with inadequately treated RA are unable to work 10 years after onset.⁵

DRUG PRICES ARE RISING AT AN UNSUSTAINABLE AND IRRATIONAL RATE.

RA Drug Prices for 30-Day Supply, 2013–2016



Note: Price modifications will alter the values reflected above.
Source: Medi-Span® Price Rx®. Figures reflect wholesale acquisition cost.

Enbrel

80.3% INCREASE

THAT WOULD BE LIKE INCREASING THE PRICE OF...



A gallon of milk from \$3.31 to \$5.97⁷

Humira

68.7% INCREASE



An iPhone 6 from \$549 to \$926⁸

Xeljanz

44.3% INCREASE



A 2016 Ford Focus from \$17,225 to \$24,856⁹

SOURCES

- ¹ Vandever, L. (2014). Rheumatoid Arthritis by the Numbers: Facts, Statistics, and You. Retrieved from <http://www.healthline.com/health/rheumatoid-arthritis/facts-statistics-infographic>
- ² Yazdany, J., Dudley, R.A., Chen, R., Lin, G.A., & Tseng, C. (2015). Coverage for High-Cost Specialty Drugs for Rheumatoid Arthritis in Medicare Part D. *Arthritis & Rheumatology*, volume 67 (6), 1474-1480. Retrieved from <http://onlinelibrary.wiley.com/doi/10.1002/art.39079/abstract>
- ³ Centers for Disease Control and Prevention. (2015). *Rheumatoid Arthritis (RA)* [Fact sheet]. Retrieved from <http://www.cdc.gov/arthritis/basics/rheumatoid.htm>
- ⁴ The \$1 million dollar estimate is based on the wholesale acquisition cost for a 30-day supply of Enbrel, Humira or Xeljanz in Medi-Span® Price Rx®, multiplied by treatment duration. Treatment duration is standardized to 30-day increments after subtracting the average age of diagnosis (45 years) from the average life expectancy of people with RA (Male: 69.4 years, Female: 78.2 years), which is based on data from the Centers for Disease Control and Prevention (CDC) and the Johns Hopkins Arthritis Center. This estimate does not take into account any rebates, discounts or insurance arrangements.
- ⁵ Vandever, L. (2014). Rheumatoid Arthritis by the Numbers: Facts, Statistics, and You. Retrieved from <http://www.healthline.com/health/rheumatoid-arthritis/facts-statistics-infographic>
- ⁶ Yazdany, J., Dudley, R.A., Chen, R., Lin, G.A., & Tseng, C. (2015). Coverage for High-Cost Specialty Drugs for Rheumatoid Arthritis in Medicare Part D. *Arthritis & Rheumatology*, volume 67 (6), 1474-1480. Retrieved from <http://onlinelibrary.wiley.com/doi/10.1002/art.39079/abstract>
- ⁷ Bureau of Labor Statistics. (2016). CPI Detailed Report: Data for January 2016, pp 127. Retrieved from <http://www.bls.gov/cpi/cpid1601.pdf>
- ⁸ Buy iPhone 6. (n.d.) Retrieved from <http://www.apple.com/shop/buy-iphone/iphone6>
- ⁹ Starting MSRP for 2016 Ford Focus. (n.d.) Retrieved from <http://www.ford.com/cars/focus/>



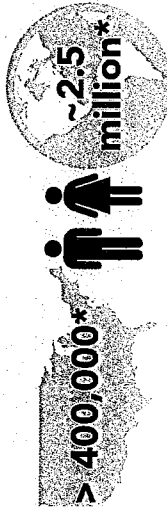
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The Spike in Drug Costs: Multiple Sclerosis

Advancements in pharmaceuticals can result in drugs that have fewer side effects, improve a patient's quality of life and save lives, but what if not everyone can afford them?

GENERAL STATISTICS



*estimated

Multiple Sclerosis (MS) affects at least 400,000 people in the United States and more than 2.5 million globally.¹

There is currently no cure for MS.



MS drugs help people manage their condition and enhance their comfort and quality of life.²

The cost of taking MS drugs can span a lifetime.



\$60,000 +

First-generation MS drugs, originally costing \$8,000 – \$11,000, can now exceed \$60,000 per person per year.³



DRUG PRICES ARE RISING AT AN UNSUSTAINABLE AND SEEMINGLY IRRATIONAL RATE.



Newer MS drugs are launching at a cost of as much as **25 to 60 percent higher** than existing drugs.⁴

MS Drugs with the Highest % Price Changes Since Launch for a 30-Day Supply

| | 2001 | 2003 | 2005 | 2007 | 2009 | 2011 | 2013 | 2015 | |
|------------------|-------|---------|---------|------|---------|---------|---------|------|------|
| Avonex* | \$830 | | | | | | | | 537% |
| Avonex Prefilled | | | \$1,065 | | | | | | 432% |
| Rebif | | \$1,174 | | | | | | | 409% |
| Betaseron* | | | | | \$2,079 | | | | 175% |
| Tysabri | | | \$1,916 | | | | | | 174% |
| Ampyra | | | | | | \$1,056 | | | 68% |
| Extavia | | | | | | \$3,013 | | | 60% |
| Aubagio | | | | | | | \$3,709 | | 47% |
| Avonex Pen | | | | | | | \$3,983 | | 42% |

Other Multiple Sclerosis treatments of note include:

Lemtrada, approved for sale in the U.S. in 2014, has a two-year course of treatment estimated at \$158,000.⁵

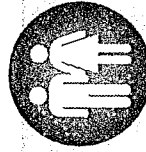
The new 40 mg dose of the widely prescribed drug Copaxone costs \$5,008⁶ a month, yet shows no gain in efficacy over the 20 mg dose.⁷

*Date listed is the first instance of available pricing data in Medi-Span® Price Rx®. The true launch date is earlier than that listed.

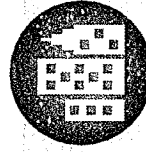
Note: Price modifications will alter the values reflected above.

Source: Medi-Span® Price Rx® and www.rxlist.com. Figures reflect wholesale acquisition cost.

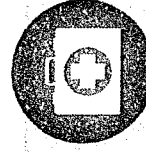
THERE'S ENORMOUS PRESSURE ON...



Consumers and their families, who may be faced with the difficult choice between paying for MS medications and other necessities.



Employers, who may be forced to make cuts to their overall benefits package in order to fund rising health care costs.



Health care providers, who treat an increase in disease-related complications due in part to non-adherence to costly medications.



Health plans and other payers, who want to ensure people get the right drugs and keep coverage affordable.



Federal government, which is bearing an ever-growing share of the costs of these drugs, placing increasing pressure on the federal budget.

SOURCES

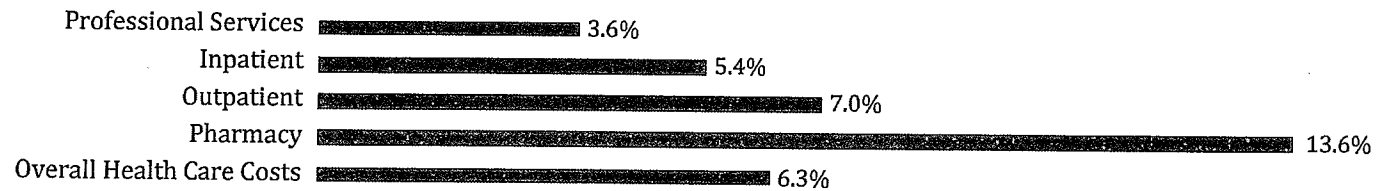
- ¹ Pietrangelo, A., & Higuera, V. (2015, March 24). Multiple sclerosis by the numbers: facts, statistics, and you. Retrieved from <http://www.healthline.com/health/multiple-sclerosis/facts-statistics-infographic>
- ² Medications. (n.d.). Retrieved from <http://www.nationalmssociety.org/Treating-MS/Medications>
- ³ Hartung, D., Bourdette, D., Ahmed, S., & Whitman, R. (2015). The cost of multiple sclerosis drugs in the US and the pharmaceutical industry: Too big to fail? *Neurology*, 10(1212), 1727-1728. <http://dx.doi.org/10.1212/WNL.0000000000001608>
- ⁴ Hartung, D., Bourdette, D., Ahmed, S., & Whitman, R. (2015). The cost of multiple sclerosis drugs in the US and the pharmaceutical industry: Too big to fail? *Neurology*, 10(1212), 1727-1728. <http://dx.doi.org/10.1212/WNL.0000000000001608>
- ⁵ Walker, J. (2015, November 15). Sanofi's Genzyme gets FDA approval for MS drug. Retrieved from <http://www.wsj.com/articles/sanofis-genzyme-gets-fda-approval-for-ms-drug-1416049878>
- ⁶ Medi-Span® Price Rx®. (2015). Retrieved from <https://pricex.medispan.com>. (Pricing is for 40MG/ML dose and a quantity of 12 syringes. Manufacturer-recommended dosing is 3X/week.)
- ⁷ Comi, G., Cohen, J., Arnold, D., Wynn, D., & Filippi, M. (2011). Phase III dose-comparison study of glatiramer acetate for multiple sclerosis. *Annals of Neurology*, 69(1), 75-82. doi:10.1002/ana.22316

The Spike in Drug Costs



Pharmacy costs increased dramatically from 2014-2015 by 13.6 percent, outpacing other components of medical care with nearly all of the change due to an increase in the average cost per prescription.

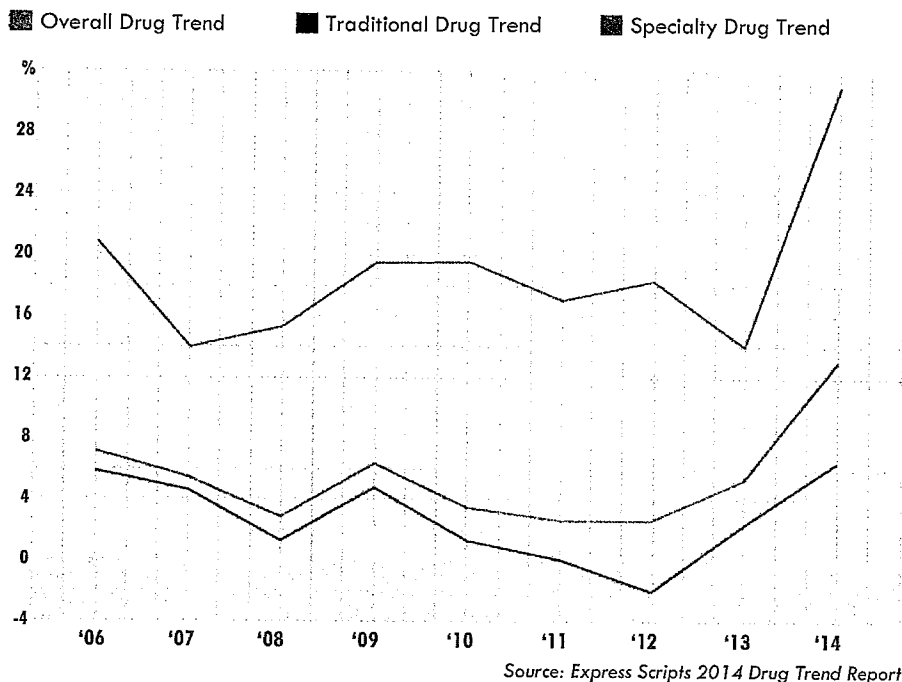
MILLIMAN MEDICAL INDEX GROWTH RATE: 2014-2015



Adapted From: 2015 Milliman Medical Index

The cost of specialty drugs is an urgent concern that is driving up national drug spending at an alarming rate — and we all bear the cost.

TRADITIONAL, SPECIALTY AND OVERALL TREND: 2006 - 2014



An ACHP member health plan:

Increasing premiums to cover increased specialty drug costs is not a feasible option for our plan. To be able to afford the Hepatitis C drugs alone, our premiums would need to increase by \$52 per member per year. PCSK9 drugs for high cholesterol would require a \$92.40 per-member-per-year increase to treat 5 percent of these members.

An ACHP member health plan:

We continue to observe an upward trajectory in specialty drug costs at our plan. In our commercial line of business, specialty drug costs increased by 11.7 percent last year and we have already seen a year-to-date increase of 40 percent in 2015.

If solutions are not found soon, every segment of U.S. society will have difficulty affording increased prescription drug costs.

- ◆ **Consumers** may be unable to afford their drugs due to high out-of-pocket expenses.
- ◆ **Employers** may be forced to cut other benefits in order to fund rising drug costs.
- ◆ **Health care providers** could see an increase in complications and other disease-related issues, due to patients skipping doses because of costly medications.
- ◆ **Insurers** will struggle to keep premiums affordable, while also ensuring that the people who need these drugs have access to them.
- ◆ The **federal government** is experiencing increasing pressure to spend more money to bear the costs of these drugs through Medicare, Medicaid and subsidies for insurance exchanges, but further increases will likely be unsustainable.