EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Overall, a slow but steady increase in private drug plan spending continued in 2017. Controlling costs is critical because of swiftly increasing levels of specialty medication spending and new challenges in the pharmacy landscape.

Specialty medication costs have more than doubled **from 15% of total spending in 2008 to 31% in 2017.** Developing challenges, such as the introduction of extremely high-cost gene-based therapies expected in the near future, are also being watched closely. These and other high-cost therapies will continue to be the primary driver of benefit spending as they dominate the development pipeline. In addition, existing drugs are being approved for the treatment of an expanding number of conditions. Not surprisingly, benefit professionals reported an industry tipping point in 2017, with some plan sponsors instituting hard spending caps in a move towards a defined contribution approach.

Considering this evolving landscape, our 2017 Drug Trend Report findings are optimistic. Express Scripts Canada research – including clinical analysis of the prescription claims for millions of Canadians – provides evidence of the effectiveness of an evidence-based response to persistent cost challenges. The data shows that comprehensively managed plans can leverage and manage benefit investment, even in this rapidly shifting pharmacy landscape, through proven approaches that optimize drug costs along with member health.

Balancing patient care and benefit affordability is top-of-mind for plan sponsors. By drilling down on claim and claimant distribution, it becomes clear that providing targeted support to members with high-cost chronic conditions is the key to bending the curve on spending. **These members – only 20% of claimants – drive almost 80% of plan costs** with an average annual drug spending that is 15 times that of other claimants. They have an average of 7.8 chronic conditions, 3.3 physicians and 8.9 medications – understandably, they struggle with the complexity of their treatments.

By understanding the needs of these members and concentrating efforts on providing them with timely support to manage their condition and drug therapy, it is possible to have a powerful impact on the majority of costs while supporting better health outcomes at the same time.

This level of treatment complexity ultimately leads to gaps in adherence for plan members with the most complex health conditions – an average of 49.5% of these members were deemed nonadherent to one or more of their medications. These gaps in adherence expose members to a higher risk of increased disability and the need for additional drug therapies that could be avoided if medications were taken as prescribed.

SPECIALTY AND TRADITIONAL DRUG CLAIMANTS NEED HELP

While plan sponsors worry about high-cost specialty drugs, traditional medications continue to be a significant cost driver. In fact, our research shows that 18 out of the top 20% of claimants take only traditional medications. The other 2% use one or more high-cost specialty medications, plus an average of 8.5 traditional medications. The 18% using only traditional drugs account for 49% of overall plan spending.

In other words, our research indicates that both types of claimants within the top 20% face a high degree of treatment complexity and need support. Focusing efforts only on patients who take specialty medications means missing 90% of the opportunity for positive impact.

> “THE DATA SHOWS THAT COMPREHENSIVELY MANAGED PLANS CAN LEVERAGE AND MANAGE BENEFIT INVESTMENT, EVEN IN THIS RAPIDLY SHIFTING PHARMACY LANDSCAPE, THROUGH PROVEN APPROACHES THAT OPTIMIZE DRUG COSTS ALONG WITH MEMBER HEALTH.”

COMPREHENSIVELY MANAGED PLANS

Providing targeted, timely support to help these members make decisions that optimize cost and care is essential. These goals can be achieved by:

- Aligning member and plan sponsor interests through intelligent design solutions, including incentives for optimizing therapy;
- Identification of opportunities, such as capturing the attention of plan members at the right time to influence optimal treatment decisions;
- Empowering and engaging members;
- Helping members conveniently implement their optimal decisions.

Urgent action to control costs and close gaps in care is essential.

Our research is conclusive: by adopting comprehensively managed plans, it is possible for plan sponsors to control costs and improve health outcomes for their employees.

OTHER 2017 DRUG TRENDS AT A GLANCE

- High-cost specialty medications, which make up 2% of total claims but account for over 31% of total drug spending, increased by 6.5% in 2017.
- Use of generics increased to 63.1% of all claims, up from 62.3% in 2016, due to a combination of patent expirations and generic substitution plan controls.
- The top 10 therapy classes by spending accounted for 58.6% of overall spending. Use of high-cost specialty medications continues to grow within categories such as Asthma/COPD and High Cholesterol which have historically been treated with traditional medications only.
- Medications for inflammatory conditions and diabetes accounted for almost 24% of overall spending; spending on treatment for these two conditions increased by 8.5% and 4.8%, respectively.
- Drugs used to treat inflammatory conditions continued to account for the largest portion of spending, with only 1.2% of claimants but 14.2% of overall spending.
- The diabetes therapy class accounted for the most spending among traditional therapies. Both overall spending and the percentage of claimants increased from 2016.
- Cancer spending increased by 10.8% and ranked #7 by overall spend in 2017, up from #10 in 2016.
- In Ontario, OHIP+ came into effect in January 2018, providing full coverage of more than 4,400 prescription drugs for four million children and young adults (under 25 years of age). In comparing year-over-year expenditures, private payor drug spending for youth in Ontario dropped by 55% for the month of March 2018 versus March 2017.
- The near-term drug development pipeline is dominated by over 145 new high-cost medications that will lead to continuing cost pressures, including gene-based therapy. Expanding indications of existing high-cost drugs will also add to cost concerns moving forward.