

Pharmacy Forecast for Brokers and Employer Groups

January 2014, Vol. 1



Welcome to the first issue of Pharmacy Forecast, a newsletter dedicated to keeping you informed about pharmacy trend and cost savings.

Generic Savings Opportunities: First Quarter 2014

The following drugs are scheduled to become available in generic form during the first quarter of 2014. To learn more about saving with generics, visit Go.ExcellusBCBS.com/Generics.

Brand Drug	Generic Name	Generic Availability	Used For	Estimated Users	Estimated Annual Spend	Estimated Annualized Savings Opportunity
Micardis	telmisartan	January	hypertension	1,631	\$2,435,362	\$1,948,290
Micardis HCT	telmisartan/ hydrochlorothiazide	January	hypertension	1,301	\$2,025,823	\$1,620,659
Detrol LA	tolterodine ER	January	overactive bladder	2,891	\$4,791,931	\$3,833,545
Rapamune	sirolimus	January	organ transplant	454	\$4,757,590	\$3,806,072
Avelox	moxifloxacin	February	bacterial infection	9,938	\$5,459,646	\$4,367,717
Renagel	sevelamer	February	kidney disease	274	\$1,344,932	\$1,075,945
Evista	raloxifene	March	osteoporosis	8,528	\$17,436,913	\$13,949,530
Asacol 800mg	mesalamine	March	ulcerative colitis	4,654	\$20,522,967	\$16,418,373

Specialty Generic Pipeline: Significant Savings for Commonly Used Specialty Drugs

Copaxone® is number three on the health plan's list of the most commonly prescribed specialty drugs. The generic version of once daily Copaxone, for patients with relapsing-remitting multiple sclerosis, is expected to enter the market in May 2014. Copaxone costs more than \$35,000 per year per member. The health plan spends \$34 million annually on Copaxone. The cost of Copaxone went up 9.9 percent in 2014, and the trend shows that it will continue to rise.



Gleevec is number six on our list of most commonly prescribed specialty drugs. The generic version, which treats certain types of cancer, is expected to enter the market in January 2015. Gleevec costs more than \$57,000 per year per member. The health plan spends more than \$10 million annually on Gleevec.

Partnering to Manage Costly Specialty Drug Trends

- Formulary management
- Medical and Rx real-time claim verification for prior authorization
- Proactive pipeline management
- Medical drug fee schedule
- Aggressive rebate contracting
- ACO collaboration for emerging specialty opportunities (ex. Copaxone)
- Safety review
- Adherence outreach and care management

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Specialty Drug Trends - Predicted Patterns

According to a recent Express Scripts Drug Trend Report, less than one percent of prescriptions filled were for specialty medications, but they accounted for 25 percent of total prescription drug spend in 2012. By 2020, specialty drugs will represent about 50 percent of the overall drug spend for health plan sponsors.

2014 could be a banner year for specialty drugs, because 60 percent of specialty drugs are expected to be approved by the Food and Drug Administration. One of the reasons why manufacturers focus on specialty is because nearly \$90 billion in traditional, brand-name drugs will go generic within the next five years. Drug companies lost about \$32 billion in 2012 as a result of traditional, brand-name drugs losing patent protection and encountering generic competition.

Skyrocketing Trend: Hepatitis C Drugs

HEPATITIS C

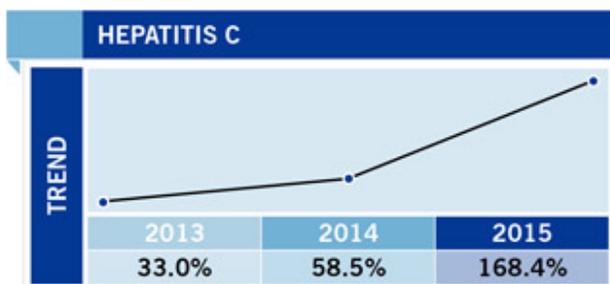


Chart: Express Scripts Drug Trend Report, Oct 2013

- Sovaldi[®] received FDA approval in December 2013. Annual hepatitis C treatment cost estimate with Sovaldi is \$84,000 per patient.
- The Centers for Disease Control and Prevention estimates there are 2.7 million to 3.9 million Americans who are chronically infected with the hepatitis C virus and 75 percent to 85 percent of those individuals will develop chronic HCV. Genotype 1 is the most prevalent in the U.S., but there are at least six genotypes, and each requires a different treatment regimen.
- New hepatitis C screening guidelines will increase the number of newly diagnosed patients, which also will contribute to double- and triple-digit hepatitis C drug trends.
- There are more than 150 drugs currently in development for the treatment of HCV, including more than 10 products in phase three (two of which are pending FDA approval).

Asthma Treatments for Children



The Centers for Disease Control and Prevention says that asthma affects an estimated 7.1 million children younger than 18 years of age.

Inhaled steroids are the preferred controller medicine for asthma treatment and prevention of exacerbations. Inhalers are indicated for patients four years of age and older.

Substantial savings can be realized by transitioning patients age four and older from Pulmicort[®] (budesonide) solution to an inhaler when an inhaler is suitable to the patient's needs and plan of care.

The average Pulmicort claim is \$430, compared to \$165 for a preferred inhaled steroid. Our preferred inhaled steroid for children at four years of age is Flovent[®] or Asmanex[®] and at five years and older is Qvar[®].

We offer support for patients with asthma, including disease and care management programs. We also monitor pharmacy data to ensure that patients are adherent and are receiving appropriate treatment.