



benefitNEWS

## PBM Express Scripts Annual Drug Trend Report

According to Express Scripts Inc.'s (ESI) *2011 Annual Trend Report*, one main pattern in pharmacy spend has emerged over the last five years: a decrease in growth of year-over-year spend per member (PMPY). From 3.6% in 2010, the overall trend fell to 2.7% in 2011, the lowest percentage observed [since tracking began]. After several years of increase, specialty trend eased slightly in 2011, to 17.1% (down from 19.6%), although the increase still represented a substantial year-over-year cost growth for plan sponsors. Trend for traditional drugs fell to a record low of 0.1%, with downward pressures associated with a higher generic fill rate offsetting other factors.

According to ESI, despite a 17.1% increase in total specialty trend, overall trend in 2011 (2.7%) was the lowest in the history of [this report], thanks to almost no change in traditional spend (i.e., nearly flat trend).

In general, market factors moved trend upward. However, patent expirations showed negatives across the board. This is expected to continue as a number of widely-used brand drugs lose patent protection in 2012. Following the pattern of the last few years, the single market factor driving positive trend was cost-per-unit due to price increases. Compared to 2010, the percentage increase in cost-per-unit slowed slightly for specialty drugs but nearly doubled for traditional drugs. This finding for 2011 was not unexpected, because manufacturers continued to put price pressure on the market for products nearing loss of patent protection. New drugs made a considerable impact on specialty trend as well, with nine new medications for cancer introduced during the year. By contrast, behavioral influences for traditional medications – primary greater use of generics – drove trend down more than 4%.

### **Traditional Medications**

According to ESI the top 15 traditional therapy classes together made up nearly three-quarters of traditional drug spend (Table 1). For the top 15 classes, a 4.5% decrease attributed to behavioral factors nearly offset all of the 4.9% increase from market influences. Adding trend for the other traditional classes brought the total trend to only 0.1%. At \$804.27, total PMPY spend for traditional drugs was only slightly higher (\$0.86) in 2011 than in 2010.

**Table 1. Components and drivers of trend for the top 15 traditional therapy classes, ranked by 2011 PMPY spend.**

Rank	Therapy Class	PMPY Spend	% of Total Traditional Spend	PMPY \$ Change from 2010	Market	Trend Behavioral	Total
1	Diabetes	\$81.12	10.1%	\$5.27	8.3%	-1.3%	7.0%
2	High blood cholesterol	\$78.38	9.7%	\$1.89	7.1%	-4.7%	2.5%
3	High blood pressure/heart disease	\$62.84	7.8%	-\$6.58	-1.3%	-8.1%	-9.5%
4	Depression	\$53.83	6.7%	-\$1.67	1.3%	-4.3%	-3.0%
5	Asthma	\$50.55	6.3%	\$1.85	9.1%	-5.3%	3.8%
6	Ulcer disease	\$38.93	4.8%	-\$4.38	-3.6%	-6.5%	-10.1%
7	Attention disorders	\$35.35	4.4%	\$5.96	26.0%	-5.7%	20.3%
8	Infections	\$32.83	4.1%	-\$2.72	-1.8%	-5.9%	-7.7%
9	Mental/ neurological disorders	\$31.37	3.9%	\$1.07	5.9%	-2.4%	3.5%
10	Pain	\$30.27	3.8%	-\$0.58	-3.1%	1.2%	-1.9%
11	Seizures	\$23.40	2.9%	\$1.14	7.9%	-2.8%	5.1%
12	Blood modifying	\$20.73	2.6%	\$1.63	11.0%	-2.4%	8.6%
13	Contraceptives	\$20.68	2.6%	\$1.19	7.7%	-1.6%	6.1%
14	Allergies	\$17.15	2.1%	-\$2.66	0.5%	-13.9%	-13.4%
15	Skin conditions	\$16.54	2.1%	\$0.86	8.9%	-3.4%	5.5%
	Top 15	\$593.95	73.8%	\$2.29	4.9%	-4.5%	0.4%
	Others	\$210.32	26.2%	-\$1.43	2.4%	-3.1%	-0.7%
	Total	\$804.27	100.0%	\$0.86	4.3%	-4.2%	0.1%

Source: Express Scripts, April 2012

For the first time, drugs to treat diabetes surpassed all other traditional classes to become the first-ranked class by PMPY spend. In 2011, PMPY cost for diabetes drugs jumped more than \$5 to reach \$81.12 and accounted for 10.1% of total PMPY spend for traditional drugs. High cholesterol drugs, now in the second spot on the list, were not far behind at \$78.38 and 9.7%, respectively. Both top classes had increases in total spend (i.e., positive trend). However, several other traditional classes, especially high blood pressure/heart disease and ulcer disease, saw considerably decreased spend as a result of heavy generic use. This downward trend is likely to continue into 2012, as a number of highly prescribed brand medications – each with well over \$2.5 billion in annual sales – are scheduled to lose patent protection.

Behavioral trends for all other traditional classes were negative for 2011, with the exception of the pain class, which showed a small increase. Many other classes, however, experienced significant increases caused by market factors.

At 20.3%, attention disorders, the only class to have a trend exceeding 9%, reflected the effect of drug shortages. Increased demand and scarcity of the ingredients for drugs to treat attention disorders resulted in short supplies of some brands and most generics for amphetamine salts and methylphenidate, the mainstays of attention-disorder therapy.

In some cases, the lack of available generics forced prescriptions to be filled with brands. Most of the other shortages experienced in 2011 were for injectable drugs used in hospital settings.

### Specialty Drugs

In 2011, four specialty classes – inflammatory conditions, multiple sclerosis (MS), cancer, and human immunodeficiency virus (HIV) – accounted for nearly 70% of spend for specialty drugs covered by pharmacy benefits. The top three classes have held their spots for several years.

Unlike the traditional classes, most specialty classes had increases in spend for both market

factors and behavioral factors. Transplant was the only specialty class in the top 10 that had negative market trend, due to increasing use of class-leading generics tacrolimus and mycophenolate, which together have more than 50% of market share.

New oral drugs for cancer and MS shifted spend into pharmacy benefits, away from the medical side. Drugs that had been introduced in 2010 gained utilization to increase overall spend in the respiratory conditions class (17.6% in 2011) (Table 2). Researchers and analysts determined that approximately 47% of U.S. specialty drug spend was in medical benefits for 2010. Individual therapy classes differ greatly, however, with the hepatitis C and HIV classes at nearly 100% pharmacy spend while more than 77% of spend for cancer treatment remained in medical benefits. All of the top 10 classes in the analysis showed increases in total PMPY medical spend, with trend for four classes exceeding 25%.

The cancer treatment class was up the most (77.6%), but trend for both hepatitis C and HIV drugs was less than 1%. The percentage decrease for HIV in medical spend was essentially balanced by a nearly equal increase on the pharmacy side. For hepatitis C, however, spend under both benefits dropped significantly – nearly 40% in pharmacy and more than 66% in medical. Analysis determined a gradual decrease in the use of patient homes and physician offices, lower-cost places to receive medications. Coinciding was increasing utilization of much more costly outpatient sites for administration of specialty medications covered by medical benefits. Although most Americans may assume that specialty patients are treated in hospitals, specialty drugs administered in emergency rooms and inpatient facilities combined accounted for less than 18% of the total covered spend under medical benefits in 2010.

### Member Share

Between 2010 and 2011, overall copayments made by patients were essentially flat (drop of \$0.14 per copayment). Importantly, this stability occurred despite increases in copayments for non-formulary brands (\$2.15 for traditional medications and \$6.35 for specialty medications). The key is that as patients shift from non-formulary medications to lower-cost options, their copayments drop.

**Table 2. Components and drivers of trend for the top 10 specialty therapy classes, PBM-adjudicated claims only, ranked by 2011 PMPY spend.**

Rank	Therapy Class	PMPY Spend	% of Total Traditional Spend	PMPY \$ Change from 2010	Market	Trend Behavioral	Total
1	Inflammatory conditions	\$40.70	23.7%	\$6.13	17.4%	0.3%	17.7%
2	Multiple sclerosis	\$32.89	19.2%	\$5.56	18.2%	2.1%	20.3%
3	Cancer	\$25.20	14.7%	\$3.42	7.0%	8.7%	15.7%
4	HIV	\$18.08	10.5%	\$0.84	3.2%	1.7%	4.9%
5	Growth deficiency	\$6.72	3.9%	\$0.42	9.6%	-3.0%	6.6%
6	Anticoagulants	\$6.42	3.7%	\$0.31	0.0%	5.1%	5.1%
7	Hepatitis C	\$6.34	3.7%	\$4.19	224.3%	-29.6%	194.8%
8	Transplant	\$5.63	3.3%	-\$0.10	-1.9%	0.2%	-1.7%
9	Respiratory conditions	\$4.65	2.7%	\$0.69	11.9%	5.7%	17.6%
10	Pulmonary hypertension	\$4.23	2.5%	\$0.11	3.1%	-0.5%	2.6%
	Top 15	\$150.86	88.0%	\$21.57	14.7%	2.0%	16.7%
	Others	\$20.65	12.0%	\$3.45	5.8%	14.2%	20.0%
	Total	\$171.51	100.0%	\$25.01	13.6%	3.4%	17.1%

Source: Express Scripts, April 2012

The full 191-page report and supporting materials are available online at [www.drugtrendreport.com](http://www.drugtrendreport.com). Should you have any questions about best practices for pharmacy plan

management, contact your Conner Strong & Buckelew account representative.



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