

2019 DRUG TREND REPORT

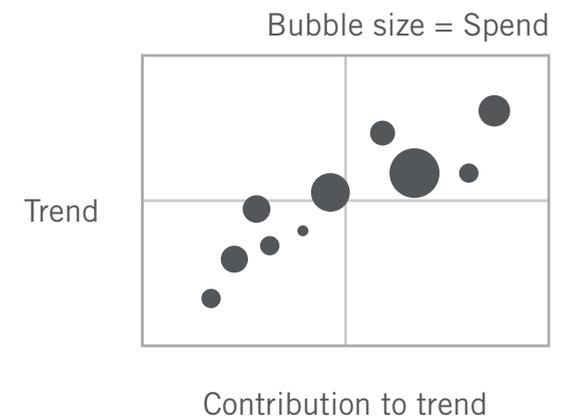
# TOP CONTRIBUTORS TO TREND

For commercial, Medicare, Medicaid and exchange plans



The following graphs present three types of data simultaneously for each therapy class:

- 1 Trend** = Year-over-year percent change in per-member-per-year (PMPY) drug spending, inclusive of self-administered specialty drugs paid under the pharmacy benefit.
- 2 Contribution to Trend** = Relative influence that each class had on trend, reflecting both utilization and unit cost.
- 3 Spend** = Gross cost (PMPY) for prescription drugs in 2019, including ingredient costs, taxes, dispensing and administrative fees and member cost share; net of rebates, adjusted for other pharmaceutical reimbursements.



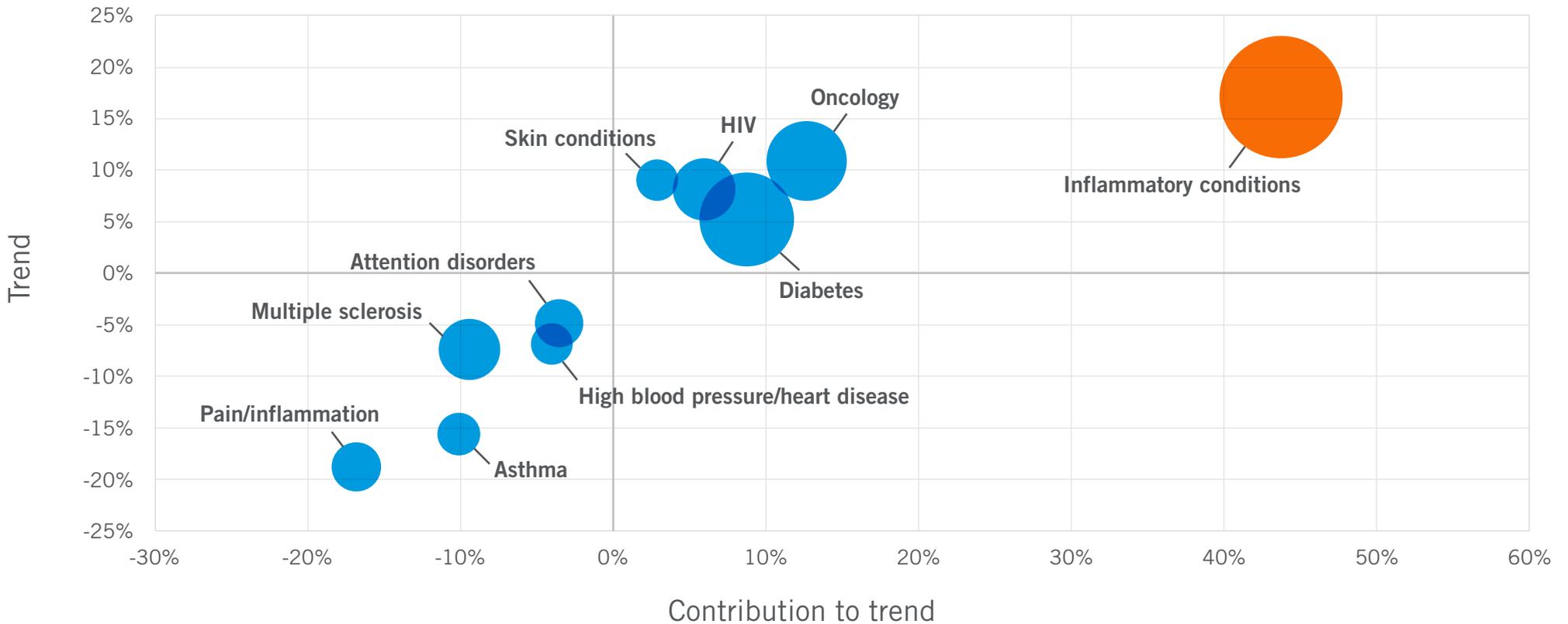
## Inflammatory conditions drove more than 40% of trend in spending for commercial plans

With a 43.7% contribution to trend, inflammatory conditions was, by far, the top driver of spending for commercial plans in 2019. This class includes drugs used to treat rheumatoid arthritis, psoriasis and other auto-immune conditions where higher spending was driven by the shift to newer, more expensive brand alternatives, for which there are no available biosimilars. Drugs to treat pain/inflammation (-16.9%) and asthma (-10.1%) were the major contributors to reduced spending for payers.

### Top 10 therapy classes for commercial plans

By PMPY spend, also indicating trend and contribution to trend, 2019

Bubble size = Spend



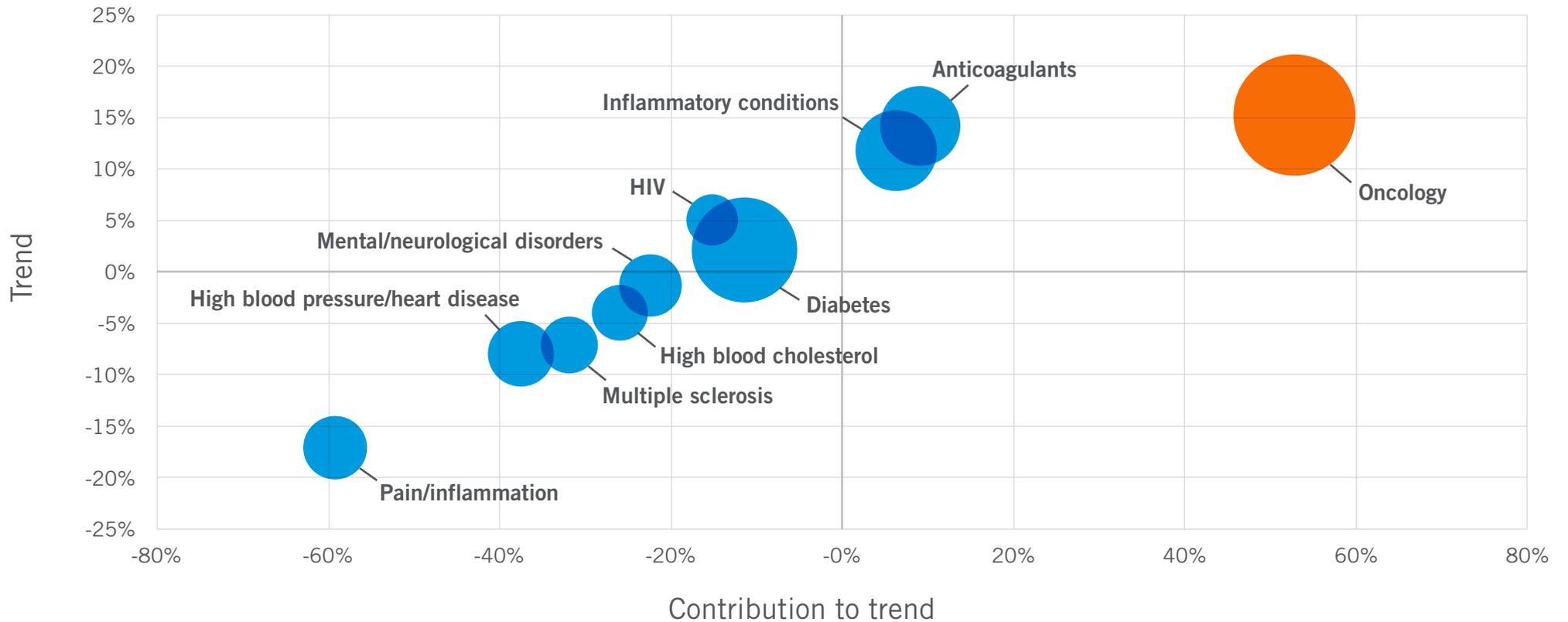
## Drugs to treat cancer contributed to more than a third of the trend for Medicare plans

Oncology drugs had the highest PMPY spend in 2019 (\$506.02) and contributed 36.4% of the increase in spending for Medicare. As with commercial plans, drugs to treat pain/inflammation were the top influencers of lower trend (-19.6%) for the Medicare population with a 17.1% decline in spending from 2018 to 2019.

### Top 10 therapy classes for Medicare plans

By PMPY spend, also indicating trend and contribution to trend, 2019

Bubble size = Spend



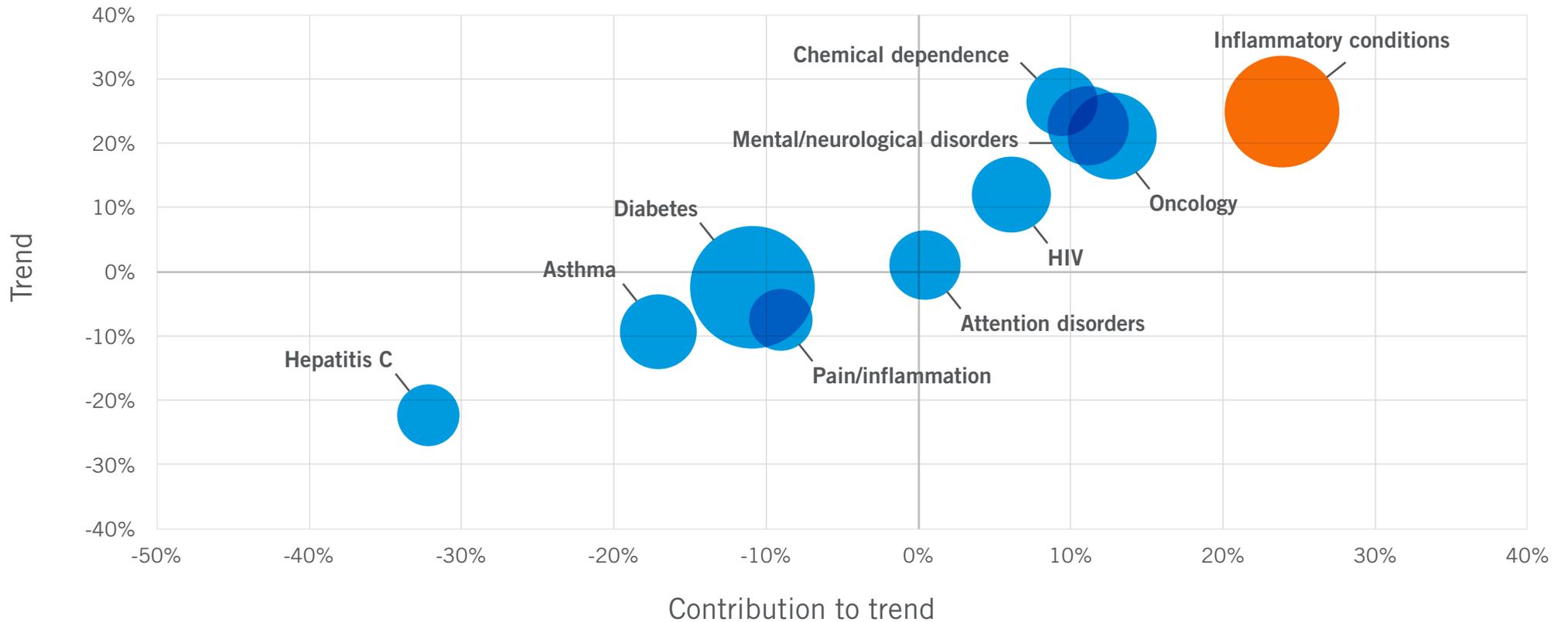
## Inflammatory conditions drove the largest share of trend for Medicaid plans

As with commercial plans, inflammatory conditions were the highest contributor to trend (23.9%) for Medicaid, driven primarily by a 15.5% unit cost trend. Continued decline in utilization and unit costs for hepatitis C drugs resulted in a 22.5% reduction in spending and a -32.2% contribution to overall trend.

### Top 10 therapy classes for Medicaid plans

By PMPY spend, also indicating trend and contribution to trend, 2019

Bubble size = Spend



## Inflammatory conditions weighed heaviest on trend for health insurance exchange plans

The 2019 trend for health insurance exchange plans (7.2%) was higher than for other plan types. As with commercial and Medicaid plans, drugs to treat inflammatory conditions contributed the most (35.1%) to the overall increase in spending. Next to drugs for treating pain/inflammation (-16.9%), medications for multiple sclerosis had the lowest contribution to trend (-13.1%), driven by a nearly 10% drop in utilization.

### Top 10 therapy classes for exchange plans

By PMPY spend, also indicating trend and contribution to trend, 2019

Bubble size = Spend

