2023

DRUG TREND REPORT

Detailed insights into some key drivers of cost changes between calendar year 2022 and 2023.

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The statements throughout this analysis are based on a summary of general findings taken from the Xevant drug trend analysis. Xevant is not a pharmacy benefit manager nor is Xevant owned by a PBM. This analysis is intended to assist in further evaluation of plan sponsor drug trend and should not be used to infer conclusions about individual employer groups or other payers without a custom analysis.

EXECUTIVE SUMMARY

Change is constant in the pharmaceutical and pharmacy benefit management (PBM) landscape and critical to navigating that change is understanding the forces behind rising drug trend – what's driving your costs and what can you do about it?

As a leader in the PBM analytics space, Xevant offers a unique perspective on the evolving industry, as we're independent of and not owned by a PBM. We completed a comprehensive analysis of 2023 data – across our book of business and the industry – and identified a few pivotal trend drivers:

- Heightened utilization rates across specialty and non-specialty drugs
- A surge in demand for anti-obesity therapies
- Financial strain imposed by anti-inflammatory biologics
- Persistent price inflation across thousands of drugs

This independently derived report analyzes these factors to give PBM stakeholders a better understanding of how drug trend unfolded in 2023 and what to keep top of mind in 2024.

A Few Key Observations from Our Book of Business – 2022 vs. 2023

20%

INCREASE IN AVERAGE PLAN-PAID COST

11%

INCREASE IN THE NUMBER OF SPECIALTY PRESCRIPTIONS FILLED

Up to 400%

INCREASE IN GLP-1 UTILIZERS

25%

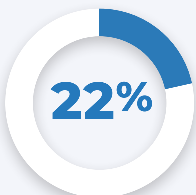
INCREASE IN CLAIMS FOR ANTI-INFLAMMATORY DRUGS

PLAN-PAID COST OVERVIEW

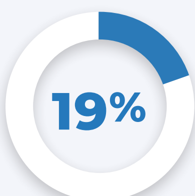
Plan paid amounts – across all brand and generic non-specialty and specialty drugs – went up by an average of 20 percent from 2022. Surprisingly, the non-specialty plan paid amounts rose slightly faster than specialty. However, specialty still represents a higher percentage of drug costs – 51 percent among clients in our book of business and 56 percent industry-wide – with significantly higher costs per prescription.

Plan-Paid Cost Increases

NON-SPECIALTY



SPECIALTY



Percentage of Drug Costs

(compared to 48% and 52% in 2022)

Average Plan Cost Per Specialty Rx

2023	2022
$6,700	$6,100

Average Plan Cost Per Non-Specialty Rx

2023	2022
$106	$90

Brand vs. Generic

Payers continue to pay more for brand-name medications. Plan paid per generic prescription remained unchanged at $23 while plan paid per brand prescription (specialty and non-specialty) increased by an average of 30 percent from 2022:

- **2022: $450**
- **2023: $585**

The average plan paid per non-specialty brand medication was $585 compared to $23 for a generic. So, every time a member switched from these brands to a generic, clients saved an average of $562. That being said, generic dispensing rates increased only slightly – less than 1 percent – ending 2023 at an average of 86 percent (up from 85 percent in 2022).

Top Therapy Classes by Plan Paid

Treatment for chronic conditions such as diabetes and auto-immune diseases continued to lead in both cost and utilization. Not surprisingly, anti-obesity treatment was a driving force to the top non-specialty therapies.

Top Non-Specialty Therapies by Plan Paid

2023	2022
Antidiabetics	Antidiabetics
Insulin	Insulin
Sodium-glucose co-transporter 2 (SGLT2) Inhibitors	Sodium-glucose co-transporter 2 (SGLT2) Inhibitors
Anti-obesity	Antipsoriatics
Antipsoriatics	Antiretrovirals

Top Specialty Therapies by Plan Paid

2023	2022
Antipsoriatics	Antipsoriatics
Anti-TNF-alpha monoclonal antibodies	Anti-TNF-alpha monoclonal antibodies
Antineoplastic enzyme inhibitors	Antineoplastic enzyme inhibitors
Antiretrovirals	Complement inhibitors
Multiple sclerosis agents	Hepatitis agents

Given the growing cost and utilization trends of diabetes and weight loss medications along with anti-inflammatory medications, we're going to take a deeper dive into these therapies and see how they impacted trend in 2023.

KEY NON-SPECIALTY TREND DRIVER: DIABETES AND WEIGHT LOSS MEDICATIONS

Chronic conditions such as diabetes, asthma, and skin disorders continued to drive both cost and utilization in the traditional, non-specialty market. In 2023, the greatest driver came from diabetes and anti-obesity medications, specifically glucagon-like peptide-1 (GLP-1) agonists.

In 2023, there were four GLP-1 products in the top 10 drugs by plan paid across our book of business, up from two in 2022. Despite representing only 1 percent of total drug costs, GLP-1s added $25 million in drug costs last year alone.

Top 10 Brand Plan-Paid Non-Specialty Drugs

1. Mounjaro
2. Wegovy
3. Trulicity
4. Ozempic (0.25mg or 0.5mg)
5. Ozempic 1mg
6. Jardiance
7. Eliquis
8. Humira 2 Pen
9. Xarelto
10. Farxiga

And with higher demand comes higher prices. A 3-year review of this drug class showed that employers paid double the amount for Ozempic in 2023 compared to 2021.[1] We saw even higher increases across our book of business for Wegovy and Mounjaro.

PIPELINE UPDATE

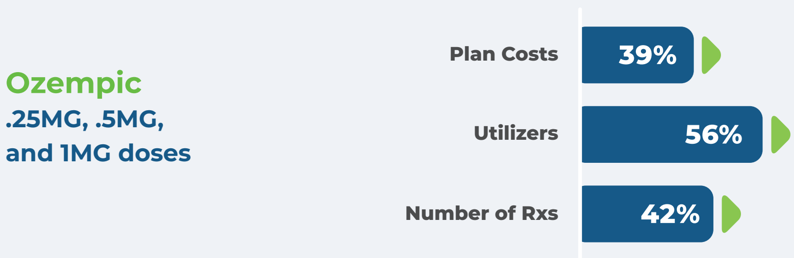
Novo Nordisk's Victoza (liraglutide) – approved to treat type 2 diabetes – is losing exclusivity in 2024.[2]

There are three generic alternatives in the pipeline.

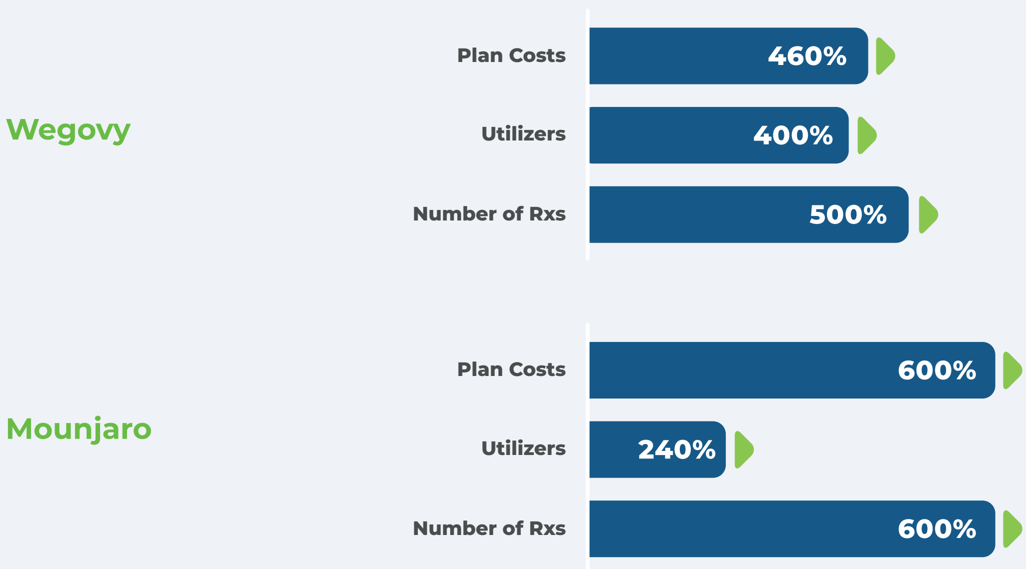
Generic manufacturers: Teva, Viatris, and Sandoz

Expected market entry: June 2024

Utilization and Cost of Highly Used Anti-Obesity Medications 2022 vs. 2023



The 2mg dose of Ozempic had the largest increase in plan paid, utilizers, and number of prescriptions at more than 450 percent from 2022.



Recent analysis shows that, in 2029, Mounjaro sales alone may equal Eli Lilly's entire portfolio from 2023.[3]

It will be interesting to see what unfolds in 2024 since approval for weight loss indications is on the decline – from 60 percent in 2022 to 25 percent in 2023[1] – as PBMs start to implement more stringent prior authorization criteria. At the same time, new indications continue to be approved for some of these products, which will also impact utilization going forward.

KEY SPECIALTY TREND DRIVER: ANTI-INFLAMMATORY MEDICATION

Specialty drug trend continues to sit in the double digits, spurred by price increases and utilization, the latter of which accounts for nearly 60 percent of specialty trend before rebates, according to a recent survey on health plan trend from Segal.[4] In addition to more patients getting diagnosed with specialty conditions and new specialty medications entering the market, existing products are gaining approval for broader uses (also known as expanded indications), leading to a greater number of individuals opting for these treatments. Across our book of business, the number of specialty prescriptions filled increased by 11 percent from 2022.

Anti-inflammatory medications were a leading reason. We saw a 25 percent increase in claims across our book of business, with these therapies accounting for nine of the top 10 drugs – up from seven in 2022. It's estimated that 1 in 5 Americans have an auto-immune disease, so this is a trend that will no doubt continue.[5]

Top 10 Brand Plan-Paid Specialty Drugs

1. Humira (2 Pen)
2. Stelara
3. Skyrizi Pen
4. Tremfya
5. Skyrizi
6. Dupixent
7. Taltz
8. Enbrel SureClick
9. Trikafta
10. Rinvoq

Still in the number one spot – AbbVie's Humira – which continued to hold the title of most expensive drug in the top 10 drugs by plan paid. Also notable are additional AbbVie products, Skyrizi and Rinvoq, which – through a combination of strategic marketing and expanded indications – have steadily risen through the ranks over the last two years.

We saw a 25% increase in claims for anti-inflammatory drugs in 2023.

The Cost- (and Trend-) Saving Potential of Anti-Inflammatory Biosimilars

As we've previously discussed, biosimilars have the potential to transform the specialty pharmacy industry, just as generic medications did for the traditional drug market – with projected savings of $38.4 billion (or 5.9 percent of projected US spending).[6]

Although there is a notable uptick in the utilization of certain biosimilars, such as oncology, the adoption of anti-inflammatory biosimilars remains low. Case in point, there are currently 14 biosimilar versions of Humira available; however, the collective market share of these new products is only 1 percent.[7]

The following chart from Drug Channels Institute details the available biosimilar options along with their respective price discounts from Humira.[7]

Product Name	Manufacturer	WAC (2023)	WAC vs. Humira
Humira	AbbVie	$6,922	n.a.
Humira	AbbVie/Cordavis	TBD	n.a.
Amjevita (High WAC)	Amgen	$6,576	-5%
Amjevita (Low WAC)	Amgen	$3,115	-55%
Hulio	Biocon Biologics	$6,576	-5%
adalimumab-fkjp	Biocon Biologics	$995	-86%
Cyltezo*	Boehringer Ingelheim	$6,576	-5%
adalimumab-adbm*	Boehringer Ingelheim	$1,315	-81%
Yuflyma**	Celltrion	$6,576	-5%
Yusimry	Coherus	$995	-86%
Idacio	Fresenius Kabi	$6,576	-5%
Abrilada*	Pfizer	$6,576	-5%
Hadlima**	Samsung Bioepsis/Organon	$1,038	-85%
Hyrimoz**	Sandoz	$6,576	-5%
Hyrimoz**	Sandoz/Cordavis	$1,315	-81%
adalimumab-adaz**	Sandoz	$1,315	-81%

WAC: Wholesale acquisition cost *Indicates product is interchangeable with Humira reference product.
**Indicates product is available in high-concentration formulation.

Pharmacy benefit managers continue to evolve their formulary strategies to promote biosimilar use. It remains to be seen how recent changes made by the three largest PBMs will affect adoption and costs for payers and patients.

Humira Biosimilar Coverage Strategies Across the Big 3 PBMs[7]

PBM	OptumRx	CVS Caremark	Express Scripts
Formulary Coverage	• Humira • Cyltezo • Amjevita, both higher- and lower-cost versions • Hyrimoz, the high-list-price biosimilar from Sandoz • adalimumab-adaz, the unbranded, low-list-price biosimilar from Sandoz • adalimumab-adbm	• Hyrimoz, the high-list-price biosimilar from Sandoz • Hyrimoz, the low-list-price biosimilar from Cordavis • adalimumab-adaz, the unbranded, low-list-price biosimilar from Sandoz Cordavis, owned by CVS Health, entered into an agreement with AbbVie to a committed volume of co-branded Humira. Humira (both the AbbVie and co-branded products) will remain on their Choice and Standard opt-out commercial formularies.	• Humira • Cyltezo • Hyrimoz, the high-list-price biosimilar from Sandoz • adalimumab-adaz, the unbranded, low-list-price biosimilar from Sandoz

PIPELINE UPDATE

Biogen's Tysabri (natalizumab) is losing exclusivity in 2024.[2] Tysabri is a biologic approved to treat multiple sclerosis and Crohn's disease.

There is currently one biosimilar in the pipeline.

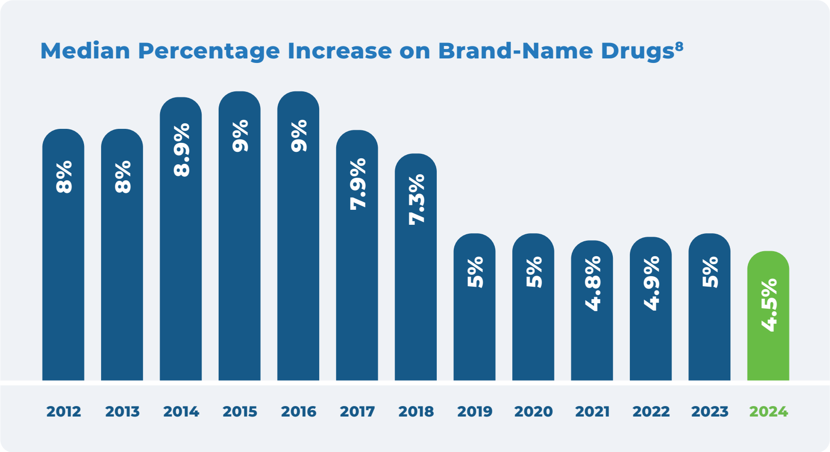
Biosimilar: Tyruko **Manufacturer:** Sandoz

Approved in all of Tysabri's indications

Expected market entry:: First half of 2024

THE IMPACT OF PRICE INFLATION

The issue of drug price inflation has garnered widespread attention, with pharmaceutical manufacturers routinely implementing annual price hikes. This trend has ignited concerns among policymakers, healthcare professionals, and patients alike, as it not only exacerbates the financial strain on patients and healthcare systems but also serves as a key driver of drug trend.



This year, the median price increase was 4.5 percent.[8]

A 4.5 percent increase may seem insignificant at face value, but when you consider the number of members taking these medications, the effect on drug spend adds up quickly. As discussed in the Drug Price Inflation whitepaper, if a plan averages 3,000 fills of Ozempic per year, they can expect to spend an additional $117,000 in 2024 with the 5 percent price increase imposed by Novo Nordisk. And this is the effect of just one drug.

Many of the most highly used GLP-1 and anti-inflammatory medications saw 3 percent to 6 percent price increases in 2024.

Interestingly, AbbVie has yet to raise the price of Humira in 2024 after an 8 percent price hike in 2023.[10]

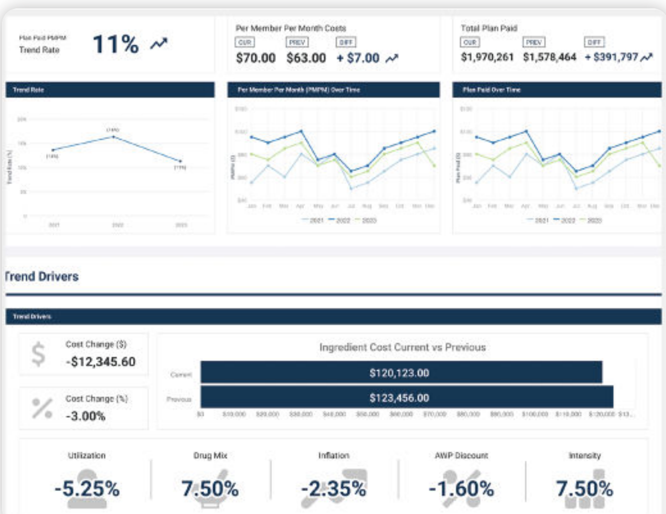
Understanding and evaluating this information early on is key to making informed and prompt plan decisions, leading to cost savings for clients and members.

STAY ON TOP OF YOUR DRUG TREND

Trend is expected to continue to creep up in 2024. Industry-wide, specialty drugs have a projected trend of 14.5 percent and will account for more than 50 percent of spending. While non-specialty drug trend is projected at 5.3 percent.[4]

While there is no single solution for effectively managing costs, it is possible to take the manual process out of the equation. Here are a few examples of the tools Xevant offers to help you proactively keep costs and trend in check.

- **The Executive Dashboard is an intuitive plan summary view** that makes it easy to track key data points and trend drivers broken out into specialty and non-specialty drugs. So, you can quickly understand what is happening with your drug trend and why.



- **With TrendLogic, you can convert drug cost increases into pharmacy cost drivers** – PBM discounts, drug inflation, drug mix, utilization, intensity – and then thoroughly examine them to determine how much each is influencing your pharmacy costs.

- **Xevant's FinanceLogic tool** actively monitors the market and immediately alerts you when manufacturers change the price of a drug. You can then quickly run an analysis to evaluate utilization rates and easily determine how drug cost inflation will impact future costs.

- **AlertLogic** is a fully configurable tool that lets you track an endless number of metrics. From monitoring members new to therapy and generic dispensing rates to tracking drug price inflation and specialty drug utilization, you stay informed of opportunities to optimize plan design in near-real time.

- **Our Plan Review** solution automates the creation of monthly, quarterly, and annual reports in just minutes. You can create a powerful, polished, error-free report reflecting your trend drivers with just a few clicks, saving you time and money.

ABOUT XEVANT

We understand the challenges you face day in and day out. We've been in your shoes. It's why we built the industry's first automated data analytics and reporting platform for pharmacy benefit organizations.

Imagine a virtual pharmacy benefits expert analyzing your data every single day, identifying opportunities to reduce costs and improve outcomes, instantly notifying you of high-concern areas, and enabling you to act in a matter of minutes, not months.

For more information on how Xevant's portfolio of products can help you manage your pharmacy trend in near real time, talk to an expert and schedule a live demo today.

TALK TO AN EXPERT **SCHEDULE A LIVE DEMO**

Sources:

The source for data in this document is Xevant book of business analytics unless otherwise noted.

1. https://www.wsj.com/health/wellness/stop-taking-ozempic-wegovy-weight-loss-c0e11316?mod=saved_content
2. https://www.fiercepharma.com/special-reports/top-10-drugs-losing-us-exclusivity-2024
3. https://www.globaldata.com/media/pharma/eli-lillys-double-impact-mounjaro-donanemab-set-outshine-market-rivals-says-globaldata/
4. https://www.segalco.com/consulting-insights/2024-health-plan-cost-trend-survey
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7. https://www.drugchannels.net/2024/01/the-big-three-pbms-2024-formulary.html
8. https://www.46brooklyn.com/news/2023/1/6/2023-brand-list-price-increases
9. Cost information provided is across our book of business and based on the average whole price (AWP) for a 30-day supply and may not reflect what a patient ultimately pays for a drug. All pricing data is based on information provided by Medi-Span.
10. https://www.fiercepharma.com/pharma/abbvie-jacks-humira-price-8-joining-several-other-companies-hikes-report

The analysis comprised within this report was derived from a large, broad spectrum of nationwide, commercial, and self-insured, de-identified pharmacy claims data. Xevant's extensive data warehouse is one of the largest independently maintained pharmacy claims datasets obtained from a wide range of claims administrators including PBMs, TPAs, payers, and consultants representing employers of all sizes.

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