



# BEHIND THE COUNTER

May 2009

## Specialty Drugs are Costing Big Bucks

Employers are now being faced with another high cost: specialty drugs, some of which cost thousands for only a single dose. These drugs were originally developed to treat cancers, multiple sclerosis and rare diseases. Yet, they are now the fastest-growing sector of pharmacy dollars spent and have increased tremendously in popularity.

Known as “miracle drugs” to treat various complications, conditions and diseases, these specialty drugs are now available for common ailments at a huge price tag. For instance, a specialty drug used to treat a rare blood disease may cost \$200,000 for one patient per year. Those drugs used to treat cancer may run \$40,000 to \$75,000 per year per patient (an increase by 24 percent from 2006 to 2007, according to *Workforce Management*).

Beyond these costs, there are no generic versions of these drugs currently available on the market. Scientists are working on bio-similar drugs, which are medically equivalent to specialty drugs but are created through a different process. If the Food and Drug Administration (FDA) approves bio-similars, they will not be available until 2012. At that time, competition will drive prices down.

Until then though, to combat these costs, pharmacy benefit managers (PBMs) need to get smart and recognize the business opportunity that is in front of them. They can purchase large quantities of the drugs to manage patient care and save on costs. In addition, PBMs can re-evaluate their benefit offerings to alter the ways in which these drugs are covered for their employees, and make them part of the prescription drug plan versus classified as a regular

medical expense. This should hopefully decrease some of the costs and not enable doctors to prescribe these medications to simply make a profit.

*Source: Workforce Management—  
“Specialty Drugs: A Surging Cost for Employers”*

## Step Therapy May Not be a Cost-Saving Opportunity

Step therapy is a tool used to substitute generic medications (with a lower price-point) in place of brand-name drugs. A recent study conducted from 2003 to 2006 from MarketScan Research Databases compared the healthcare costs of almost 12,000 employees and dependents at two companies with benefit plans requiring step therapy, and another roughly 30,000 employees and dependents of two companies that did not require step therapy. Focusing on anti-hypertensive drugs, the study found that plan members who were required to use step therapy paid \$99 more in healthcare expenses quarterly as compared to the employees not required to use step therapy. In addition, these employees also had more inpatient hospitalizations and emergency room visits.

The study found that, as a result of step therapy, employees are not filling their prescriptions as they should be. This is because they are visiting their doctors and are receiving a prescription without the knowledge that it must be generic. Then, once at the pharmacy, they learn that the drug is actually not covered by their insurance and/or is more expensive than they have budgeted for. As a result, they avoid filling the prescriptions at all and suffer the health consequences.



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To avoid these unfortunate circumstances, employees must be fully educated and aware of the stipulations of their health plans so they can talk with their doctors wisely about which medications they can take, as covered by their health plan.

*Source: Workforce Management—  
“Study: Step Therapy May Lead to Higher Health Costs”*

## First-Time Generics

Generic Name	Brand Name	Approval Date	Uses
Alprazolam Oral Tablets	Niravam Tablets	1/9/09	Anxiety, panic attacks
Levetiracetam Oral Solution	Keppra Oral Solution	1/15/09	Certain types of seizures
Divalproex Sodium Capsules	Depakote Capsules	1/23/09	Prevent seizures caused by some forms of epilepsy
Risperidone Oral Solution	Risperdal Oral Solution	1/30/09	Schizophrenia, bipolar disorder, symptoms of autism
Galantamine	Razadyne	1/30/09	Mild and moderate dementia caused by Alzheimer's disease
Minocycline Hydrochloride Tablets	Solodyn Tablets	2/3/09	Severe acne
Sumatriptan Succinate Injection	Imitrex	2/6/09	Migraines
Sumatriptan Succinate Tablets	Imitrex Tablets	2/9/09	Migraines
Risperidone Disintegrating Tablets	Risperdal Tablet	2/24/09	Schizophrenia, bipolar disorder, symptoms of autism

## Drug Trend at Record Low

Express Scripts' researchers announced this week that drug trend is at a record low, primarily as a result of the increased use of generic drugs and lower-cost brands. Overall pharmacy cost trend for Express Scripts' clients was 3% for 2008, down from 5.5% in 2007.

Despite this encouraging news, significant opportunity for improvement remains. The research shows that in 2008, Americans wasted \$42 billion on drug therapies with clinically equivalent, lower-cost alternatives. This estimate is based on 13 drug classes, with the most significant opportunities in the anti-cholesterol, gastrointestinal, and antidepressant categories.

Alan Garber, an advisory board member and the Henry J. Kaiser Professor and Director of the Center for Health Policy at Stanford University, had the following to say in Express Scripts' press release: "Finding ways to reduce spending without compromising health outcomes is the top priority for healthcare reform, as the Obama administration recognizes. We have long used financial incentives to try to eliminate waste. Now we're finding that tools that build upon the insights of behavioral economics and psychology can have powerful, positive effects."