

Runaway Specialty Rx Spending

A Prescription for Higher Health Care Premiums

The amount a health plan spends on prescription drugs continues to rise, with an alarmingly significant shift in the marketplace toward “specialty” drugs. This drug class is far more expensive than “traditional” drug classes and is becoming the most serious driver of prescription drug costs, and therefore premium increases, for the foreseeable future.



Nationally,

\$311

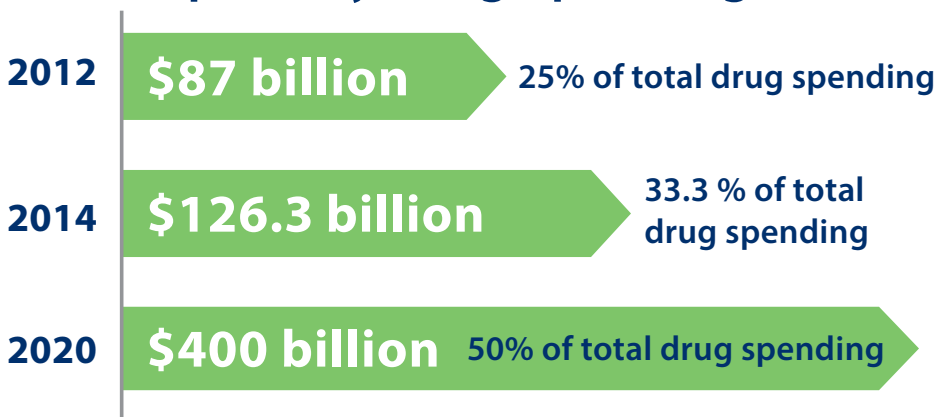
is spent just on the top 10 classes of specialty drugs per member, per year.

Source: 2014 Drug Trend Report, April 2015

What makes specialty drugs so “special?”

Treatment for life-threatening or complicated health conditions now includes the use of certain drugs broadly referred to as “specialty” drugs. These are typically structurally complex, made using advanced biotechnology methods and are referred to as “biologics” – often requiring special handling or delivery mechanisms.

Cost Forecast: Specialty Drug Spending



Spending on specialty drugs is fueled by a number of factors including new products coming into the marketplace and an increase in prescriptions. 42 percent of drugs are in the late stage pipeline, up from 33 percent just 10 years ago.

Source: IMS Institute for Healthcare Informatics, “Medicines Use and Spending Shifts” April 2015

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Identifying the Top Specialty Drug Classes

Specialty Class	Average Per Prescription Cost in 2013	Average Per Prescription Cost in 2014	% Increase
Inflammatory Conditions	\$2,551.10	\$2,913.33	24.3%
Multiple Sclerosis	\$4,137.23	\$4,510.06	12.9%
Cancer	\$4,023.18	\$6,191.29	20.7%
HIV	\$1,029.45	\$1,138	14.8%

Source: 2014 Drug Trend Report, April 2015