



CIS

Benefit Connections

YOUR BENEFITS, DISCOVERED

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SPECIALTY DRUGS: THEIR IMPACT ON YOUR HEALTH AND BENEFIT COSTS

Specialty drugs have become a hot topic in the world of benefits. New drugs offer excitement and hope for previously untreatable diseases. The number of specialty drugs continues to grow exponentially — from under 30 in the mid-1990s to over 500 currently listed on the CIS formulary list — along with the cost. This class of drugs has a major impact on our health, our out-of-pocket costs, and the costs to our medical plans. Let's dive into what specialty drugs are and how they impact our health and pocketbooks.

Specialty drugs, as defined by Express Scripts (our pharmacy benefit manager), are drugs used to treat a chronic or complex condition and may possess any number of the following attributes:

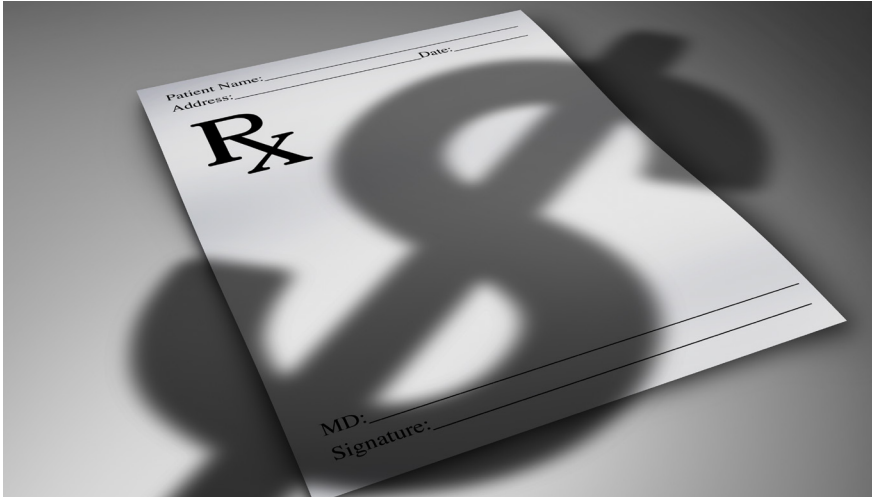
- Treats rare diseases
- Requires unique storage or special shipment conditions, such as refrigeration
- Not stocked at a majority of retail pharmacies
- Requires additional patient training and assistance
- High monthly cost

Prescription Perspective

Please note: While this article focuses on the Regence Rx copay changes, the same prescription drug cost challenges are just as real for Kaiser members — and will, at some point, impact those copays as well.

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As discussed in our last article, specialty drugs can fall into three tiers: specialty generic, specialty preferred and specialty non-preferred.

The impact that specialty drugs have had on treating serious illnesses can't be understated. Advances in specialty drugs have created treatment options for previously untreatable diseases. They also improved upon older treatments. Before the specialty drug Harvoni was introduced, Hepatitis C treatment consisted of a yearlong treatment plan of shots and medications with only a 50% success rate. Now with the use of Harvoni, patients can have untraceable levels of the virus within 12 weeks and between a 90% and 95% success rate. Specialty drugs have also been critical in advancing the treatment of HIV, cancer, rheumatoid arthritis, psoriasis, and many other diseases.

While specialty drugs are a welcome step forward in the treatment of disease, there is a downside. Specialty drugs are complex, demand intense and long development periods and often have special storage and shipping requirements. Because of this, they're extremely expensive. Of the top 25 most expensive prescriptions filled on the CIS plan, 20 of them are specialty drugs. These specialty drugs account for 40% of CIS' total prescription drug cost but are only 1.5% of all of the drugs filled. Specialty drugs in this range cost anywhere between \$5,000 and \$36,000 per prescription. However, there are also specialty drugs that cost between one to two million dollars for one treatment

The number of specialty drugs coming to market and the amount spent on them are expected to continue to increase. According to a 2019 report released by IQVIA¹, the amount spent on specialty medications in the U.S. has increased from roughly 20% of total prescription drug spend in 2008 to 42% in 2018. By 2023 this number is projected to rise to 50% of total dollars spent on prescription drugs. The same report also indicates that the number of specialty drugs coming to market will steadily increase over the coming years.

¹ <https://www.iqvia.com/insights/the-iqvia-institute/reports/the-global-use-of-medicine-in-2019-and-outlook-to-2023>

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