

2021

# Drug Trend Report





# Trend Overview



# Overall Trend

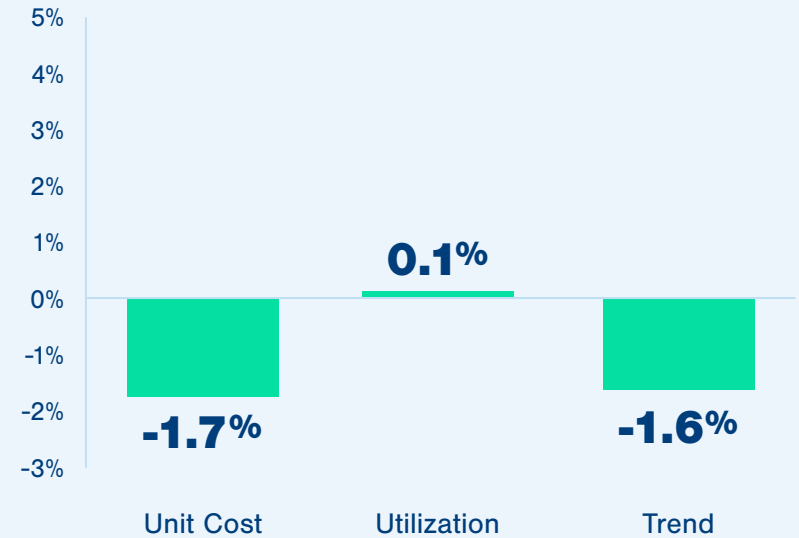
2020 was a challenging year with a global pandemic that led to significant changes in how we live our lives, including how we access and utilize healthcare. In a year like no other, WellDyne helped our clients achieve a **negative 1.6% drug trend**, demonstrating the continued success of our clinical strategies in managing drug costs – for the 3rd consecutive year.



## Overall Trend Results:

2018 | **0.3%**    2019 | **0.3%**    2020 | **-1.6%**

## 2020 Overall Trend



- Overall drug trend was driven by a -1.7% unit cost trend, despite price pressures from drug cost inflation increases of 7.5%.
- Fueled by both an 88.1% generic dispensing rate (GDR) and a change in drug mix due to expansion of WellManaged Generics, unit cost across our book of business was -1.7%.
- Utilization was relatively flat from previous year, likely due to the lockdowns across the nation. It is likely that utilization will increase in 2021 compared to 2020 as restrictions lift and more people become vaccinated.

### Upward Pressure on Trend

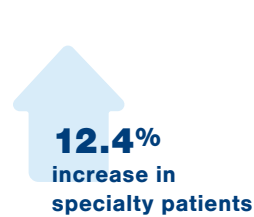
Inflammatory conditions, diabetes, oncology, cystic fibrosis, rare and orphan diseases, migraine and growth hormone drove approximately 67% of trend. The double-digit growth in rare and orphan diseases, cystic fibrosis, pulmonary hypertension and oncology drove specialty trend.

### Downward Pressure on Trend

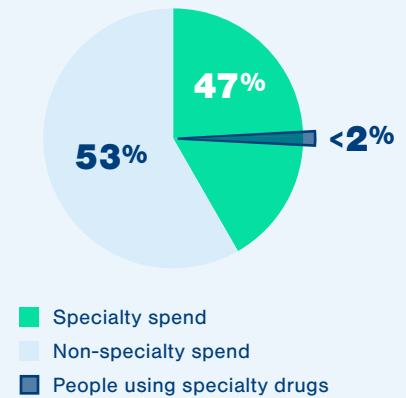
Generic entrants used in categories such as respiratory, multiple sclerosis and anticoagulants contributed to negative trend in these categories. In addition, there was negative trend in anti-infectives, cough/cold, and pain/ inflammation, likely driven by COVID lockdowns, that mitigated overall increases in trend.

## Specialty Trend

In 2020, almost 47% of the overall pharmacy spend was for specialty medications despite being used by less than 2% of the population. Our clients experienced a 12.4% increase in specialty patients and an 18.4% increase in specialty claims, driven by medications used to treat rare and orphan diseases.



## Specialty Spend Analysis

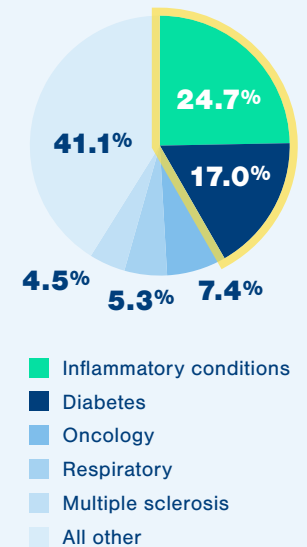


## Trend Drivers

Inflammatory conditions and diabetes are the top 2 disease states accounting for almost 42% of overall spend. Oncology, respiratory and multiple sclerosis close out the top 5 disease states driving pharmacy spend.

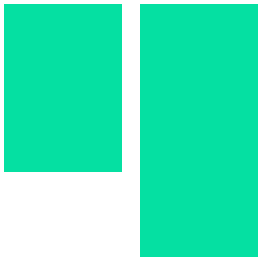
Disease State	Unit Cost	Utilization	Trend
Inflammatory Conditions	2.4%	1.6%	<b>4.0%</b>
Diabetes	4.5%	4.9%	<b>9.4%</b>
Oncology	-0.4%	14.4%	<b>14.0%</b>
Respiratory	0.3%	-28.8%	<b>-28.5%</b>
Multiple Sclerosis	-4.2%	-11.7%	<b>-15.9%</b>

## Pharmacy Spend Breakdown





# Programs that Drive Results



## Formulary

The Clinical Focus formulary is one of our most powerful tools to deliver savings for plan sponsors while protecting choice and access to prescription drugs. Features of the Clinical Focus formulary include targeted exclusions in therapeutic areas and innovative, indication-based formularies for key specialty disease states. This approach helps mitigate increases in unit cost and utilization without having runaway increases in drug costs.

In 2020, clients on the Clinical Focus formulary experienced a **10% lower PMPY** than clients on our open formulary.



## Generic Dispensing

Our generic dispensing rate continues to increase – reaching nearly 90% in 2020.

Year	Generic Dispensing Rate (GDR)
2018	<b>85.9%</b>
2019	<b>86.9%</b>
2020	<b>88.1%</b>

## Utilization Management

We find that nearly 1 in 3 drugs that we review as part of our prior authorization process is not the right drug at the best price.

- Prior authorization and our Hyperinflationary Drug Program helped clients realize 17% savings in cost-avoidance of inappropriately prescribed medications.
- WellManaged Generics and quantity limits helped clients realize an additional 13% savings in cost-avoidance.

## Unit Cost Increases

Through WellDyne's WellManaged programs, we kept unit cost increases negative or less than 4.5% in the top five disease states, despite unit cost inflation increases on average of 7.5%.

Our targeted formulary and utilization management programs and improved contracting with manufacturers and pharmacies resulted in **12% savings in drug spend for our managed clients.**



# High-Cost Conditions

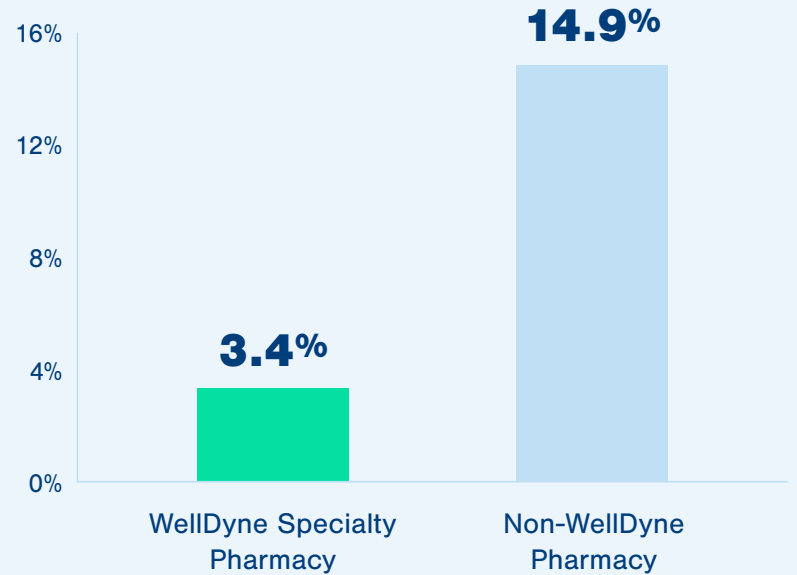


# Inflammatory Conditions

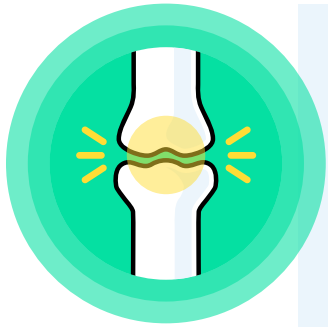
Inflammatory Conditions is the top therapeutic category again in 2020, accounting for almost 25% of all pharmacy dollars spent. Inflammatory Conditions consists of multiple disease states, most commonly rheumatoid arthritis, psoriasis, psoriatic arthritis, Crohn's Disease and ulcerative colitis. The drugs with the largest growth in the Inflammatory Conditions therapeutic class include Rinvoq, Skyrizi and Dupixent.



Drug Trend for Inflammatory Conditions



Patients with inflammatory conditions that used WellDyne Specialty Pharmacy experienced much smaller drug trend increases, year over year, than patients using other specialty pharmacies.



## A Better Way to Manage RA

### Summary

Rheumatoid arthritis (RA) is the most common disease managed under the umbrella of Inflammatory Conditions. In our WellManaged Rheumatoid Arthritis program, board-certified pharmacists utilize clinical protocols to assess dose escalations and therapy changes for patients prior to dispensing. The clinical pathway protocol for Humira dose escalations (from bi-weekly to weekly) recommends additional testing to evaluate:

- Whether the patient has anti-drug antibodies.
- If increasing to weekly dosing is appropriate for the patient.
- If an alternative medication is indicated instead of a dosage increase.

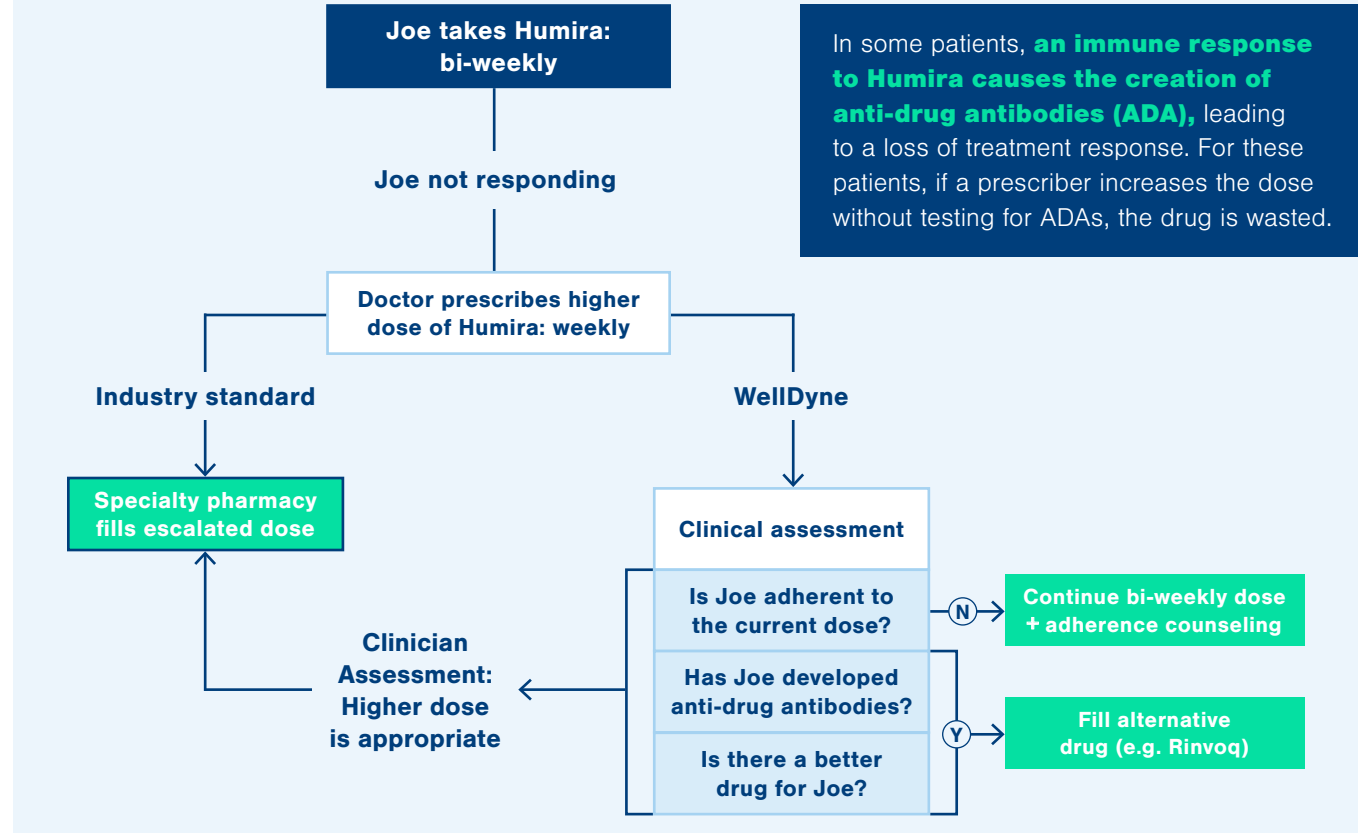
### Clinical Background

Humira, one of the most commonly used medications to treat RA, is administered as a subcutaneous injection and is typically dosed bi-weekly.

### Is Weekly Dosing Better?

- In certain clinical situations, escalating to weekly Humira dosing may help a subset of patients who are not taking methotrexate and do not have an adequate response to bi-weekly dosing.
- However, prescribers also escalate to weekly dosing when patients report insufficient or loss of response to bi-weekly Humira.

### The Typical Industry Approach is Not Always the Right Path





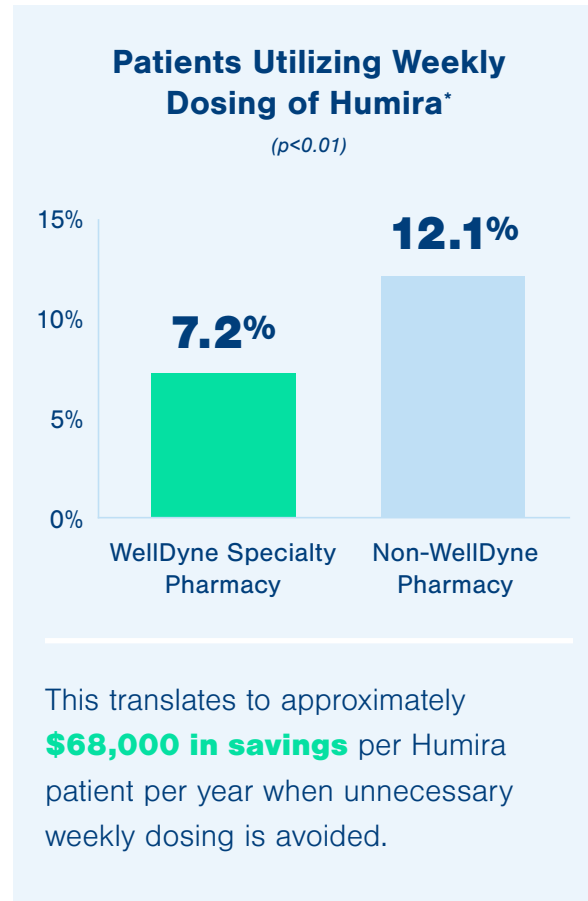
### Clinical Protocol

The WellDyne Specialty Pharmacy takes a unique approach. Unlike other specialty pharmacies, in our WellManaged Rheumatoid Arthritis program all dose and therapy escalations are reviewed. The collaboration between pharmacists, prescribers and patients confirms in advance that patients can be expected to benefit from doubling the dose – and cost – of treatment.

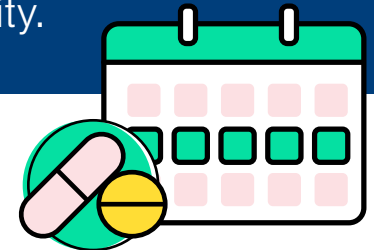


### Results

The WellDyne Specialty Pharmacy had a significantly lower proportion of patients utilizing weekly dosing of Humira.



Industry studies report weekly dosing of Humira ranges from **16% to 54%** depending on disease state and severity.



\*This peer-reviewed study was presented at the April 2021 AMCP Conference. Additional details can be found at [welldyne.com/news-and-insights/](https://www.welldyne.com/news-and-insights/)

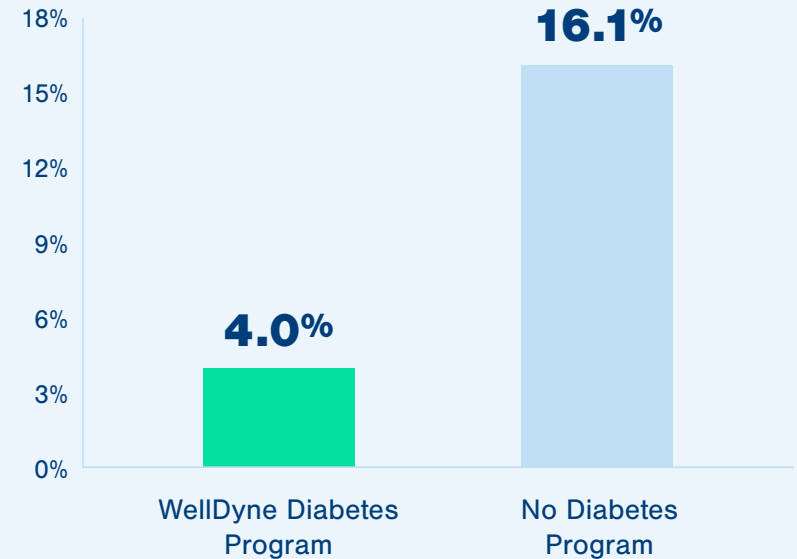


# Diabetes

Diabetes came in as the second highest therapeutic class driving pharmacy costs in 2020, accounting for more than 17% of total drug expenditures. Diabetes is the most expensive therapy class in traditional (non-specialty) drug spending, and was higher than specialty therapeutic classes such as oncology, multiple sclerosis and HIV.



## Drug Trend for Diabetes



Clients with our WellManaged Diabetes program saw total diabetes prescription cost per person with diabetes increase by 4% compared to 16.1% seen in clients without the program. Clients with the program also experienced:

- 22% lower percentage of insulin utilization - one of the more costly drugs to treat diabetes.
- 2% reduction in the percent of patients on insulin, compared to no change in percent of patients on insulin in clients without the program.
- 25% lower trend in growth of utilization of GLP1 agents.
- 8% increase in adherent members.

## WellManaged Diabetes Program

Our WellManaged Diabetes program provides a comprehensive approach to patient care that is designed to improve overall outcomes while controlling costs. This results in lower diabetes drug spend and trend. Our multifaceted program helps clients better manage diabetes costs through both upstream and downstream strategies. WellManaged Diabetes has prevention and condition management solutions:

- Targeted at improving medication adherence and preventing inappropriate therapy change and/or dose escalations.
- To help prevent members from developing diabetes through a CDC-recognized Diabetes Prevention Program component.

## Diabetes Fast Facts from the CDC

Over  
**34 million**  
people in the United States have diabetes

A staggering  
**21.4%**  
of diabetics are undiagnosed in 2020

Over  
**one-third** or  
**88 million**  
of the entire US adult population is pre-diabetic

**2.3 times**  
higher annual medical costs for people diagnosed with diabetes than without

## Case Study

A large self-insured employer implemented the Diabetes Prevention Program in 2020. Eligible participants met virtually through a one-year period to complete a total of 26 sessions, first weekly and then monthly, aimed at improving lifestyle choices. Participants also received a Bluetooth connected weight scale and BP cuff. There was strong member engagement in the program with 86% of participants fully completing all 26 sessions throughout the year.

Overall results were impressive:

- **10.4%** (of initial body weight) was the average weight loss reported by participants.
- **175 minutes** per week of physical activity was reported by participants.
- **15%** of program participants reverted away from being considered as pre-diabetic – a hallmark of an effective program and one of the most important and difficult outcomes to achieve.





# Top Drugs Driving Trend

It's not surprising that the top drugs for both specialty and non-specialty are predominantly medications used to treat inflammatory conditions and diabetes. However, there have been shifts in which drugs comprise the top 10 within these two disease states.



### Top Specialty Drugs

In the specialty space, several agents across multiple therapeutic categories made significant inroads in market share.

Within inflammatory conditions:

- Dupixent moved from rank 13 in 2019 to rank 7.
- Rinvoq (rank 167 in 2019) moved up to rank 39.
- Skyrizi (rank 81 in 2019) moved to rank 16.

In multiple sclerosis, Tecfidera fell from rank 6 to rank 9, largely driven by the generic entrant in late 2020. It is anticipated that additional brand erosion will continue and Tecfidera may likely not break the top 10 specialty drugs in 2021.

In cystic fibrosis, Trikafta moved from rank 101 in 2019 to rank 9 in 2020. Originally approved in late 2019, it has since been expanded to include over 177 additional mutations seen in patients with cystic fibrosis.

#### Top 10 Specialty Drugs

Specialty Drugs	Disease State
<b>Humira</b>	Inflammatory Conditions
<b>Stelara</b>	Inflammatory Conditions
<b>Enbrel</b>	Inflammatory Conditions
<b>Cosentyx</b>	Inflammatory Conditions
<b>Revlimid</b>	Oncology
<b>Dupixent</b>	Inflammatory Conditions
<b>Xeljanz XR</b>	Inflammatory Conditions
<b>Trikafta</b>	Cystic Fibrosis
<b>Tecfidera</b>	Multiple Sclerosis
<b>Biktarvy</b>	HIV

### Top Non-Specialty Drugs

In the non-specialty space, agents used to treat diabetes dominate the top 10 drugs.

- Trulicity, a GLP1, and Jardiance, a SGLT2, both used to treat diabetes, held the 1 and 2 spots as in 2019.
- Ozempic, a GLP1, moved from rank 15 in 2019 to rank 3 in 2020.
- Januvia, a DPP4, moved from rank 3 to rank 5.
- Novolog, a rapid acting insulin, moved down from rank 4 to rank 7.
- Lantus, a basal insulin, moved down from rank 5 to rank 6.

Eliquis and Xarelto, anticoagulants, moved up in rank in 2020 from 2019. Eliquis moved from rank 6 to rank 4, and Xarelto broke the top 10 in 2020, up from rank 11.

#### Top 10 Non-Specialty Drugs

Non-Specialty Drugs	Disease State
<b>Trulicity</b>	Diabetes
<b>Jardiance</b>	Diabetes
<b>Ozempic</b>	Diabetes
<b>Eliquis</b>	Anticoagulant
<b>Januvia</b>	Diabetes
<b>Lantus</b>	Diabetes
<b>Novolog</b>	Diabetes
<b>Farxiga</b>	Diabetes
<b>Vyvanse</b>	Attention Disorder
<b>Xarelto</b>	Anticoagulant



# Future Trends



## Covid-19

Covid-19 impacted our lives in countless ways, and prescriptions were no different. There was an 18% decrease in vaccination utilization in 2020 vs. 2019. However, with the recent availability of Covid-19 vaccines, it is anticipated that vaccine trend will increase for 2021. In addition, due to lockdowns, continued social distancing and mask requirements, there was a 25% decrease in the use of anti-infectives (e.g., antibiotics, antivirals) and a 28.2% decrease in the use of pain/inflammation medications.

While the US is working on vaccinating as many individuals as possible, research and clinical trials are ongoing to develop therapeutic agents for Covid-19 treatment. Molnupiravir and favipiravir may obtain Emergency Use Authorization (EUA) in mid to late 2021.

## Gene Therapy

Gene therapy is used broadly to define targeted treatments to insert or modify genomic sequences in a patient. Typical characteristics of gene therapy include:

- Often for rare diseases with small patient populations.
- High cost—may be in the millions of dollars.
- Administration is either one time or a few times.
- Potentially a long-term/curative treatment.

### LentiGlobin (Pending FDA review)

Patients with Transfusion Dependent Thalassemia (TDT) often require lifelong blood transfusions and suffer from iron overload. LentiGlobin clinical trial results demonstrated significant improvement in transfusion independence. The manufacturer states that costs may be \$1.2M and will provide a payment plan with 20% of the cost upfront and 20% installments per year from the payer if the medication works as intended. As of spring 2021, it is pending FDA review.

### Eladocagene Exuparvec (Potential approval 2021)

Aromatic L-amino acid decarboxylase (AADC) deficiency is an ultra-rare genetic disorder that affects how cells send signals, particularly in the brain and nervous system.

- Patients with this genetic disorder have significant developmental delays, weak muscle tone and movement disorders.
- Eladocagene Exuparvec is a first potential therapy for AADC deficiency with promising Phase 2 clinical study results.
- Patients have improved ability to walk, talk and sit up for up to 5 years following treatment with this one-time therapy administered via the brain.

## Drug Pipeline Highlights

### Anti-coagulants

Medications used for anticoagulation include antiplatelet agents, direct oral anti-coagulants (DOACs) and warfarin. For decades, warfarin (brand Coumadin) was used to help manage patients who needed anticoagulation long-term. However, the 2019 AHA/ACC/HRS treatment guidelines were updated to recommend newer DOACs, such as Eliquis and Xarelto, over warfarin due to improved safety profiles and either non-inferior or superior results to warfarin at preventing stroke. Double digit spend increases in Xarelto and Eliquis were mitigated by price concessions for generics in other classes.

## Oncology

Of the 55 new medications approved by the FDA in 2020, 18 of them, or 33%, were oncology products. It is anticipated that medications used to treat cancer will continue to grow, but likely at a slower rate than in years past.

Sotorasib, marketed as Lumakras, was approved by the FDA in May 2021 as a first-in class KRAS inhibitor for use in non-small cell lung cancer (NSCLC) as second or third line, may have significant utilization. Approximately 15% of patients with NSCLC have a mutation that may benefit from sotorasib.

Dostarlimab, marketed as Jemperli, was approved by the FDA in April 2021 a PD-1 inhibitor indicated for use in endometrial cancer, particularly in patients with mismatch repair deficiency, or dMMR. Clinical trials showed that dostarlimab had an overall response rate of 44.7% in women with dMMR endometrial cancer that had progressed after other treatment. There are at least six drugs on the market that share a similar mechanism of action, including Keytruda, Opdivo and Bavencio. Keytruda is the only other medication in this class currently approved by the FDA for use in endometrial cancer.

## Inflammatory Conditions

Bimekizumab and mirikizumab are agents used to treat psoriasis with potential approval in 2021.

- Bimekizumab is an IL-17 antagonist which demonstrated superiority in trials against Stelara, Humira and Cosentyx. It is unique among other IL-agents in that it blocks both IL-17a and IL-17f receptors.
- Mirikizumab, an IL-23 antagonist, has a similar mechanism of action as Skyrizi and Tremfya. It is not only being studied in psoriasis, but also in Crohn's Disease and ulcerative colitis.

Infliximab, currently with several biosimilars on the market for the infusion route of administration, may be approved as a new product with a subcutaneous route of administration. This may result in shift of utilization from an infused biosimilar to the self-administered Infliximab.

It is estimated that a biosimilar to Humira will enter the market sometime in 2023. An unfavorable court decision is likely to delay entry of the Enbrel biosimilar until 2028 or 2029.

## Alzheimer's Disease

On June 7, 2021, the FDA approved aducanumab, marketed as Aduhelm, for use in the treatment of Alzheimer's Disease, despite a recommendation from the FDA advisory committee not to approve the medication due to weak evidence that it helps. The committee found that clinical trial evidence

was not strongly supportive that Aduhelm would slow the cognitive decline in patients with early stages of Alzheimer's Disease. They also cited concerns about possible serious side effects related to brain swelling and bleeding. Of the 11 members on the advisory committee, ten voted against approval and one was uncertain. WellDyne's Pharmacy and Therapeutics Committee will review all available clinical evidence and decide on formulary placement and utilization management strategies.

## Obesity

On June 4, 2021, the FDA approved semaglutide, marketed as Wegovy, a 2.4mg weekly injection for use in chronic weight management. The approval is in conjunction with a reduced-calorie diet and increased physical activity for patients who are obese or overweight with at least one weight-related condition, such as high blood pressure or high cholesterol. In the US, approximately 70% of adults are obese or overweight, and losing 5-10% of initial body weight through diet and increased activity is associated with a lower risk of heart disease. Participants in a clinical trial lost on average 12.4% of initial body weight compared to patients on placebo. Semaglutide is also indicated at a lower weekly dosage for use in type 2 diabetes and marketed as both Ozempic (injection) and Rybelsus (oral).

### References:

1. Garcia-Pérez L-E, Álvarez M, Dilla T, Gil-Guillén V, Orozco-Beltrán D. Adherence to Therapies in Patients with Type 2 Diabetes. *Diabetes Therapy*. 2013;4(2):175-194. doi:10.1007/s13300-013-0034-y.
2. CDC.gov. National Diabetes Statistics Report. <https://www.cdc.gov/diabetes/data/statistics/statistics-report.html> Accessed April 23, 2021.