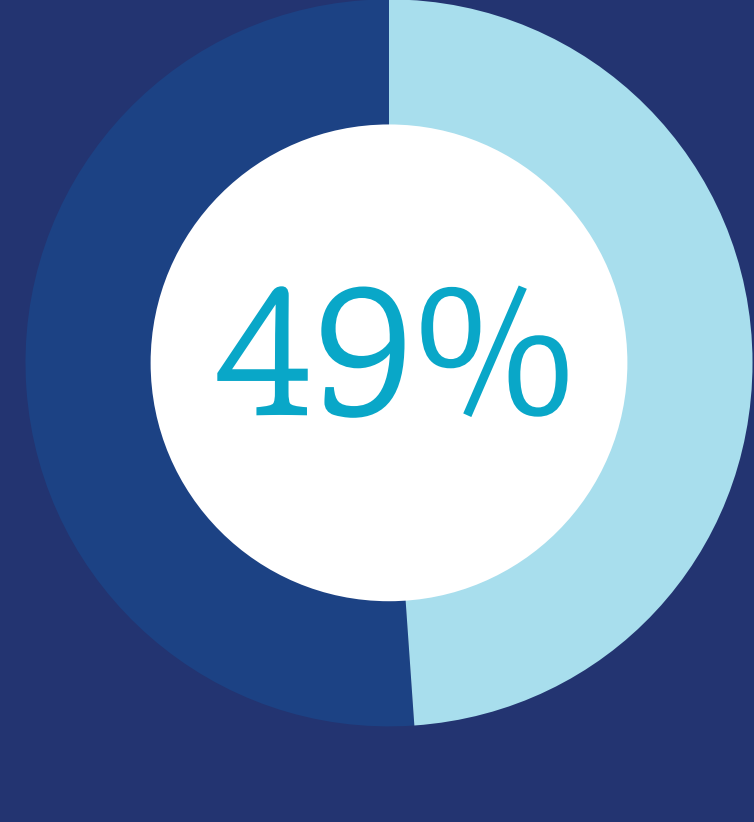


# BREAKTHROUGH DRUGS ARE BREAKING THE BANK

Though healthcare cost increases have settled in recent years, a new catalyst for rising costs – specialty drugs – is threatening to accelerate those increases again. Specialty drugs offer promise to patients with debilitating diseases, such as leukemia, diabetes and cancer, but they come at unsustainably high costs – sometimes \$100,000 or more per treatment.

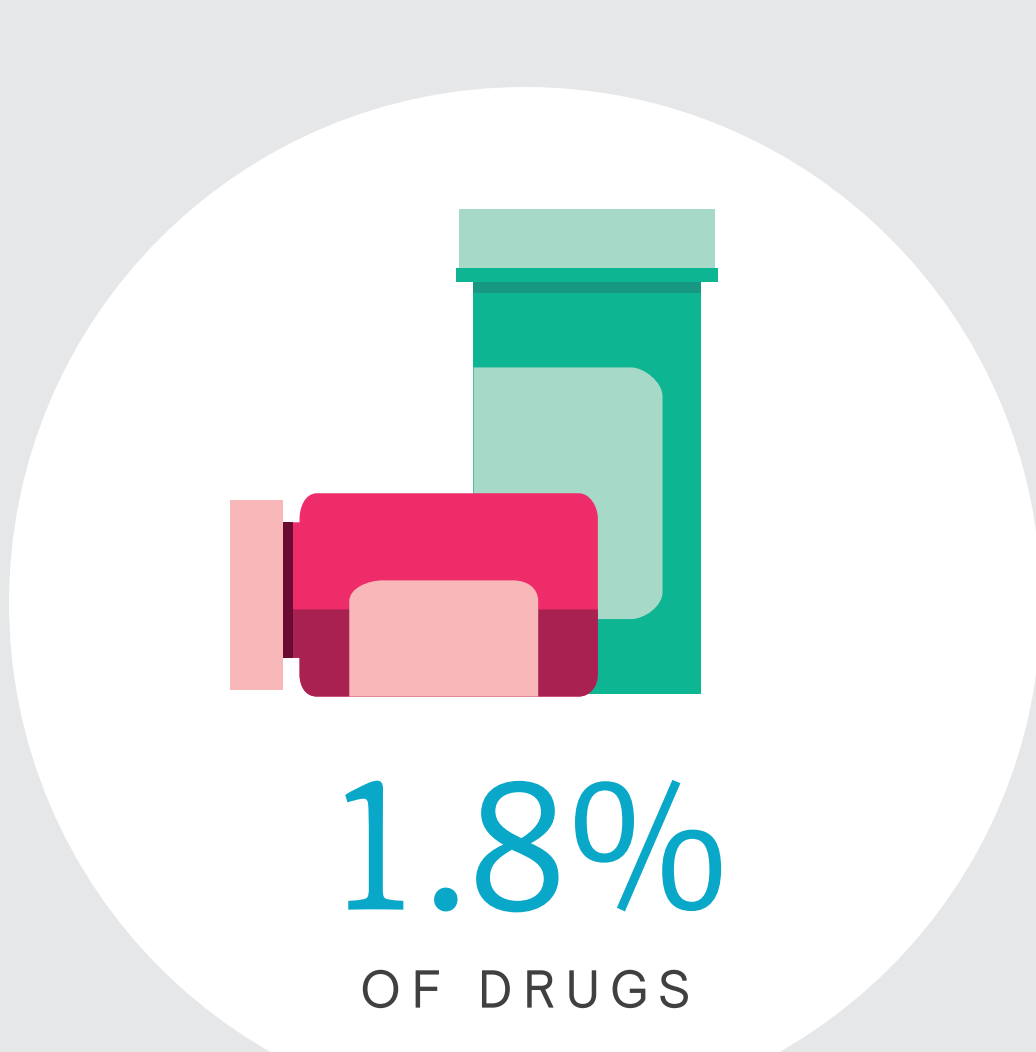


**OF LARGE EMPLOYERS REPORTED AN INCREASE IN PER-EMPLOYEE COST OF SPECIALTY DRUGS AT LAST RENEWAL**



**OF ALL LARGE EMPLOYERS HAVE NO SPECIALTY PHARMACY STRATEGY IN PLACE**

SOURCE: Mercer National Survey of Employer-Sponsored Health Plans, 2016



MAKE UP



SOURCE: University of North Carolina at Chapel Hill, 2014

Among employees with more than **\$50,000** in healthcare spend, **9 out of 10** use specialty medications

Of those spending more than **\$100,000** in healthcare spend, **60%** take 10 or more medications

**72%** get prescriptions from **at least 4** different prescribers

SOURCE: Express Scripts: Super-Spending: U.S. Trends in High-Cost Medication Use, 2015

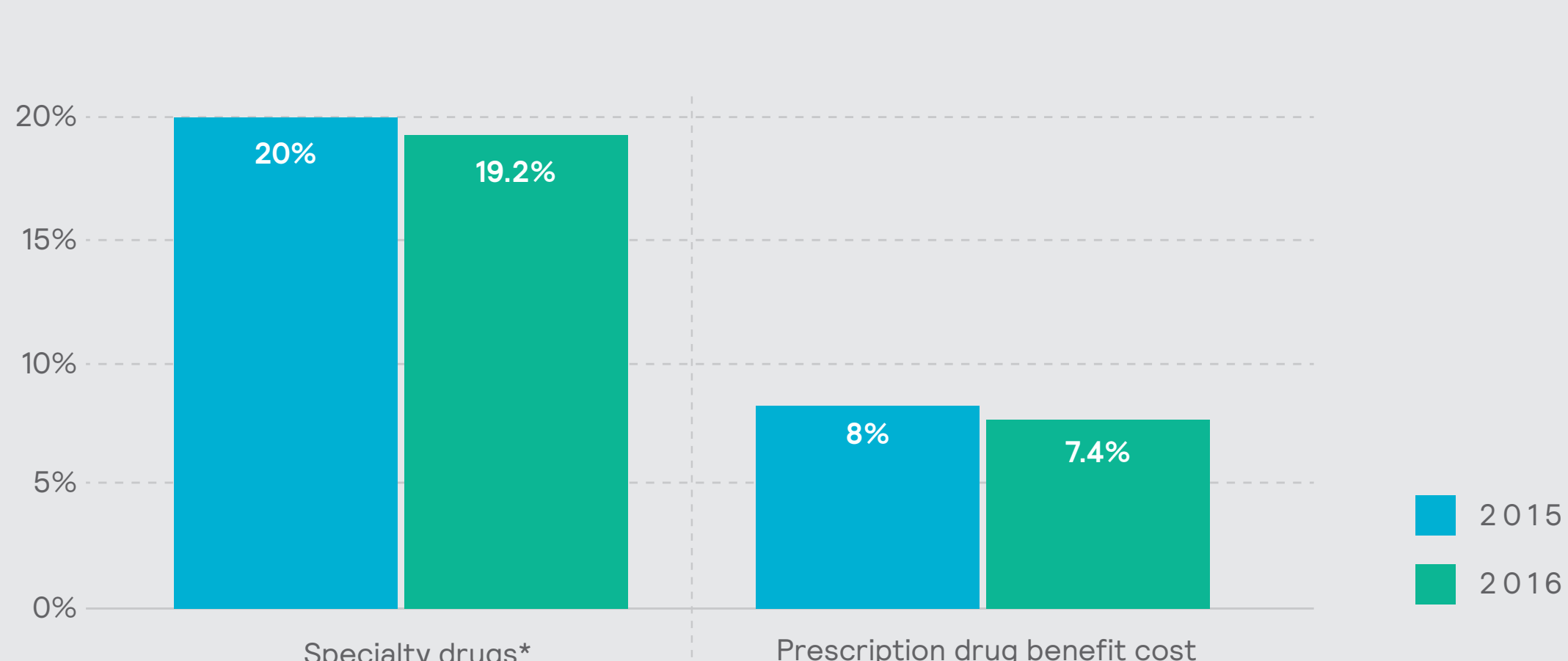
## A KEY COMPONENT TO RISING HEALTH COSTS – RX

**576,000 AMERICANS SPENT MORE THAN THE MEDIAN HOUSEHOLD INCOME ON PRESCRIPTION MEDICATIONS IN 2014. THIS POPULATION OF PATIENTS GREW AN ASTOUNDING 63% FROM 2013.**



SOURCE: Express Scripts: Super-Spending: U.S. Trends in High-Cost Medication Use, 2015

## ANNUAL COST INCREASES OF SPECIALTY DRUGS ARE DRIVING OVERALL INCREASES IN PRESCRIPTION BENEFITS SPEND



\*IMS Health: National Sales Perspectives, Jan. 2016  
\*\*Mercer National Survey of Employer-Sponsored Health Plans, 2015, 2016

## COST SHARING AND COST SHIFTING ARE ONLY A START

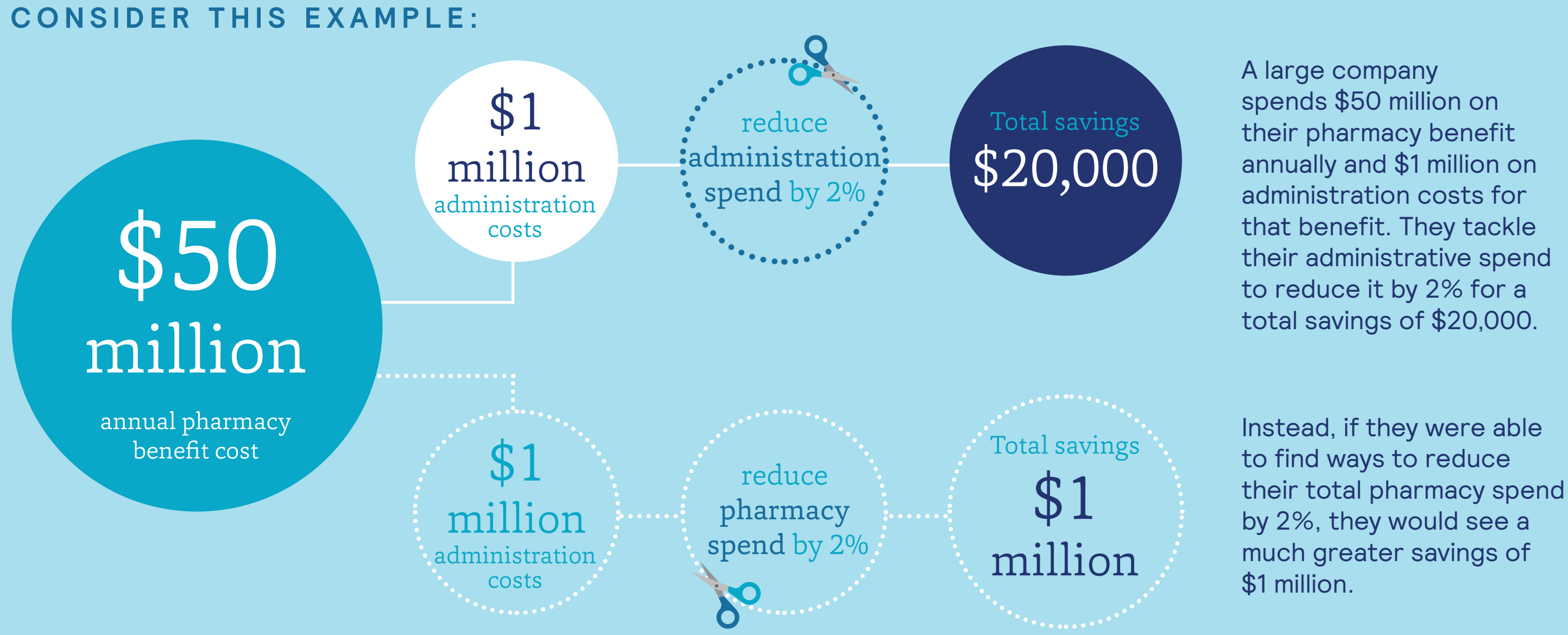
Additional cost-sharing tiers often allow higher cost sharing for specialty drugs. For example, in mail-order plans, average copays range from \$22 for a three-month supply of a generic drug to \$179 for specialty drugs. Yet cost sharing alone will not be enough to contain growing drug costs.



SOURCE: Mercer National Survey of Employer-Sponsored Health Plans, 2016

## REDUCING TOTAL PHARMACY SPEND COULD OFFER SIGNIFICANT SAVINGS

CONSIDER THIS EXAMPLE:



## HELP IS ON THE WAY

EVEN IF YOUR COSTS ARE HOLDING STEADY FOR NOW, THE SPECIALTY DRUG TIDAL WAVE IS BUILDING, WITH DOZENS OF NEW DRUGS ENTERING THE MARKET AND COSTS QUICKLY RISING. WITHOUT A CLEAR IDEA OF YOUR CURRENT STATE AND A LINE OF SIGHT INTO WHAT'S TO COME, YOU MAY FIND YOUR ORGANIZATION SWEEPED UNDER.

CONTACT A MERCER CONSULTANT TODAY FOR A SWAT ANALYSIS TO REDUCE SPEND, ELIMINATE WASTE AND IDENTIFY TRENDS:

-  Provide better visibility of the key drivers of your specialty drug costs
-  Identify key drivers of drug trend
-  Quantify pricing variability in pricing under medical
-  Determine lowest-cost sites of care across benefits
-  Uncover specialty drug waste and management opportunities
-  Identify dosing concerns, missed diagnoses and other clinical improvement opportunities
-  Address opportunities for leveraging drug manufacturer patient assistance programs

In just 8–12 weeks, Mercer's Pharmacy Practice can identify savings of up to **10%** of specialty spend.

Experience will vary based on client.

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