2019 Magellan Rx Management Medicaid Pharmacy Trend Report

PRESENTED BY

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Vice President, Regional Government Affairs

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MEDICAID PHARMACY TREND REPORT™

2019 FOURTH EDITION

- Overall trends in the Medicaid data 2017-2018
- Deep dive on brand and generic drug trends
- Trend forecast using MRx Predict
- Key classes driving trend
- New contracting methods in Medicaid

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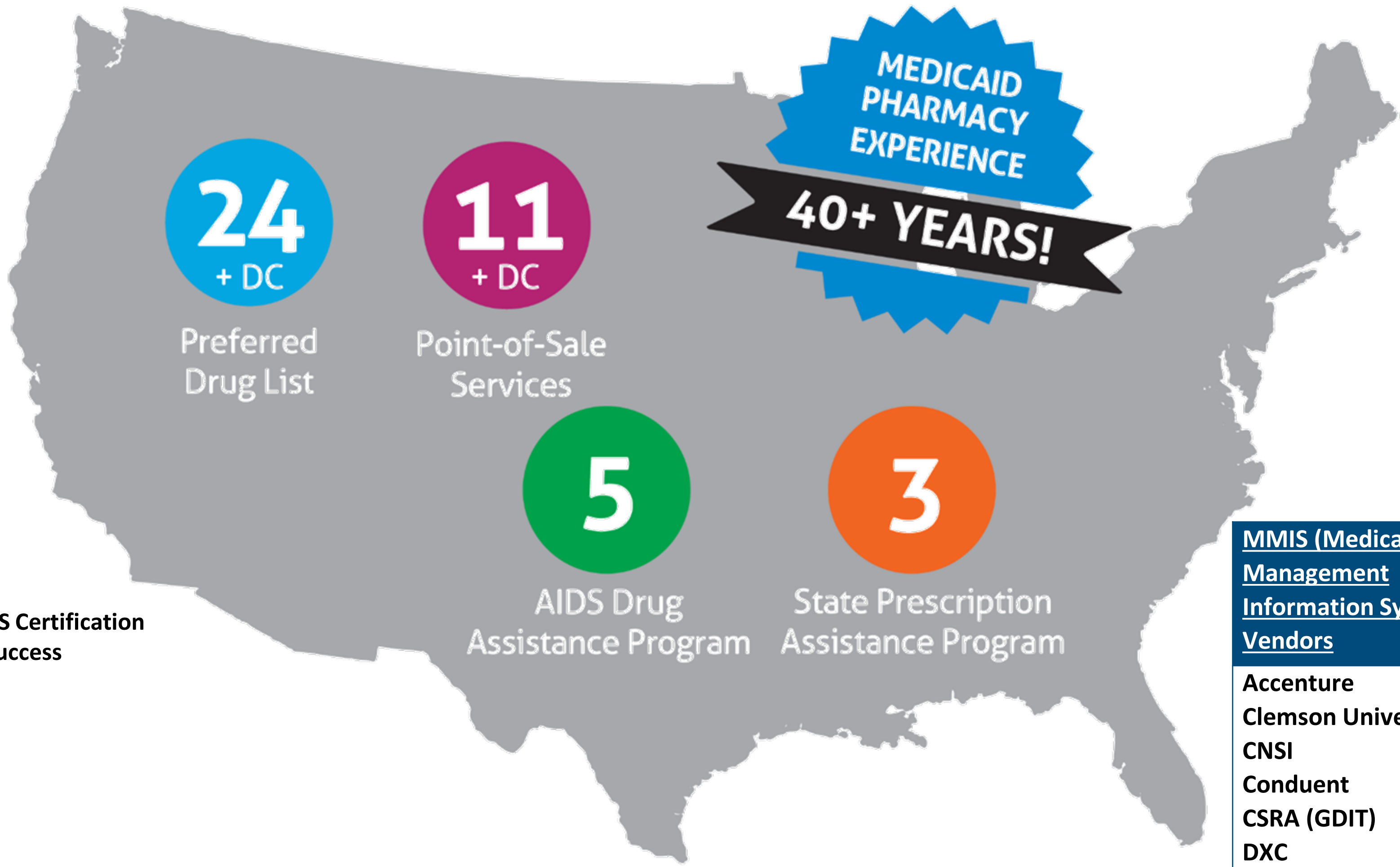
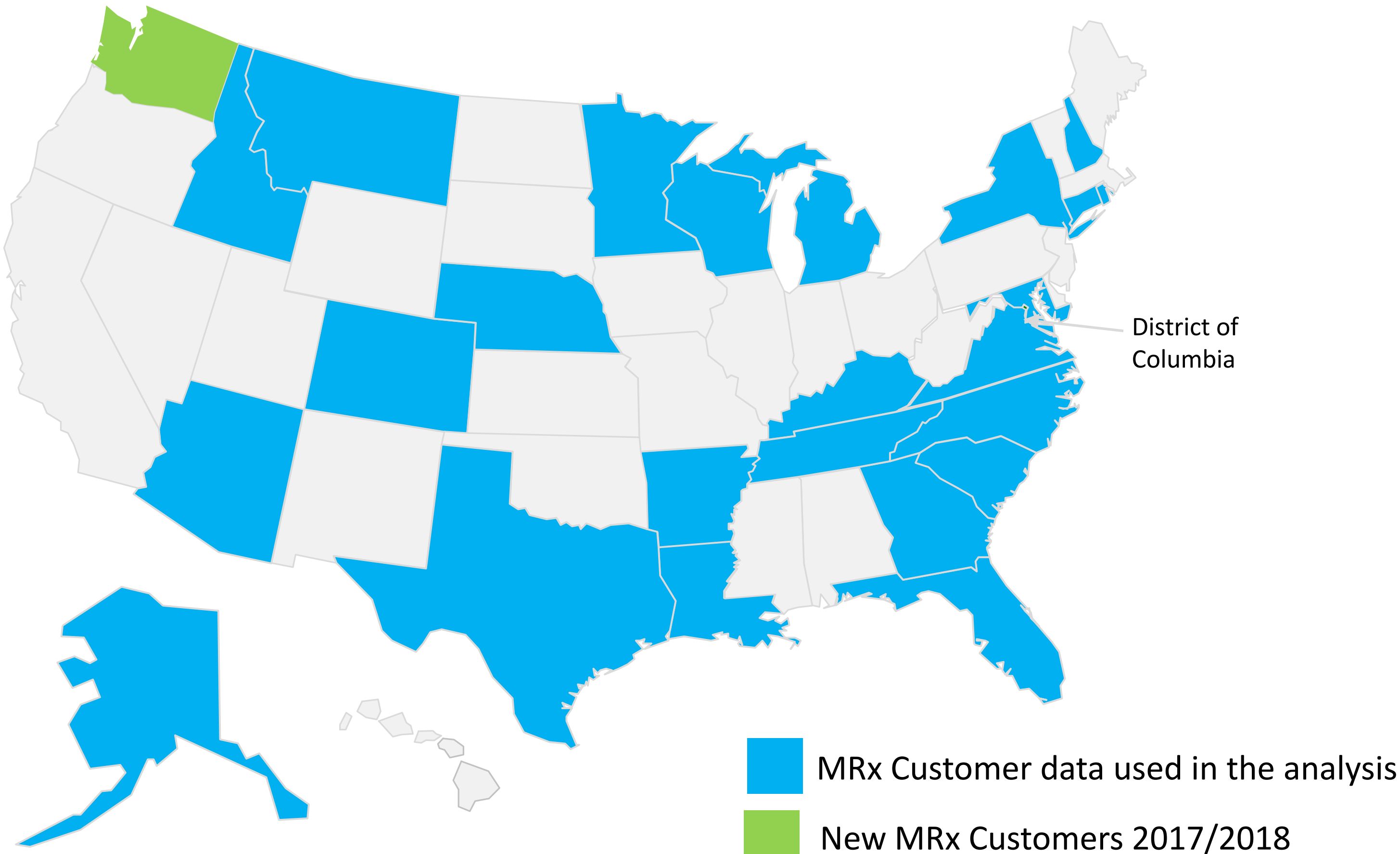


100% CMS Certification Success

MMIS (Medicaid Management Information System) Vendors
Accenture
Clemson University
CNSI
Conduent
CSRA (GDIT)
DXC
State Operated

State Experience



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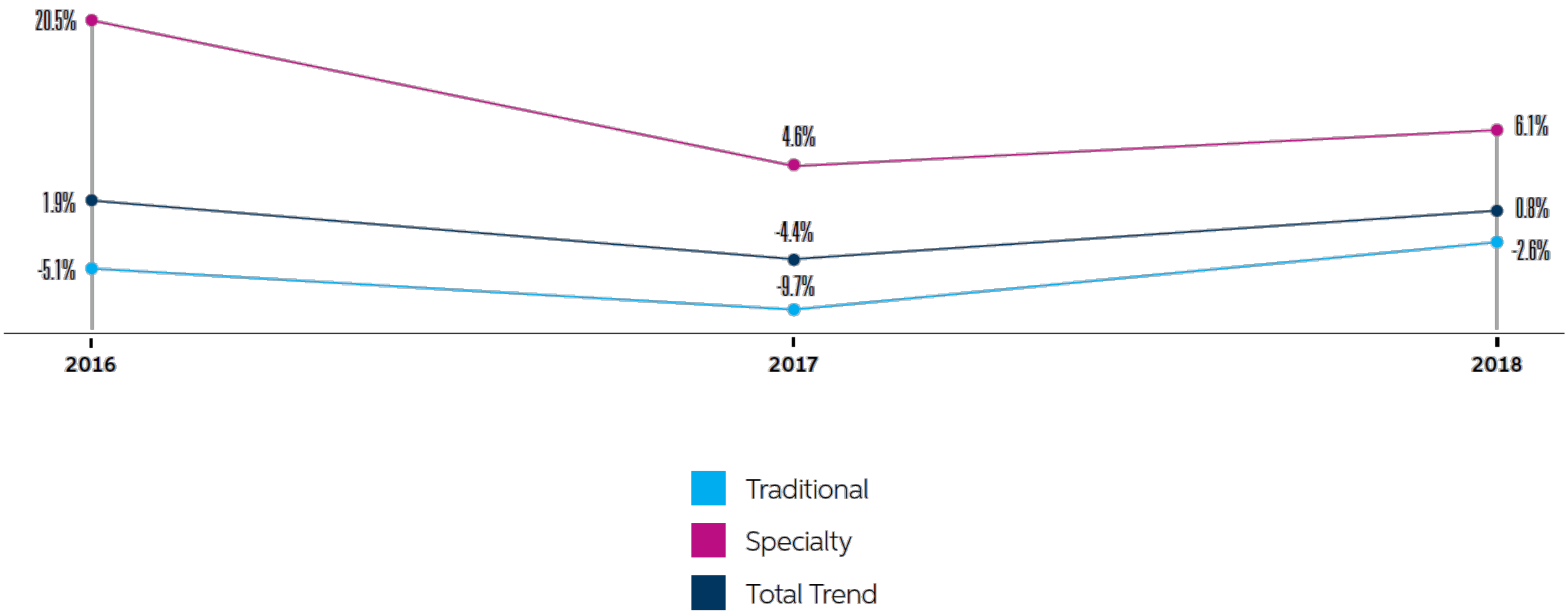
Net Cost per Claim Trend 2016-2018



Overall Net Trend

0.8%
OVERALL
TREND

-2.6%
TRADITIONAL
TREND

6.1%
SPECIALTY
TREND

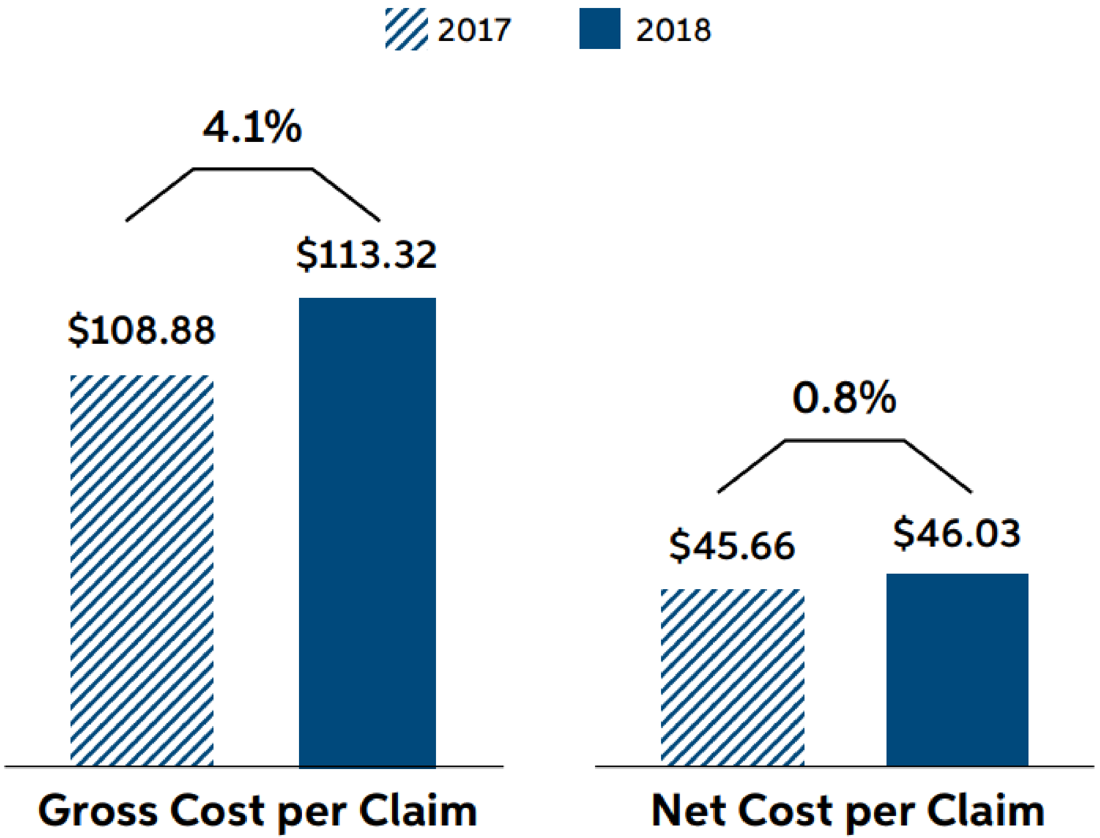
-$0.71
COST
TREND

-5.2%
UTILIZATION
TREND

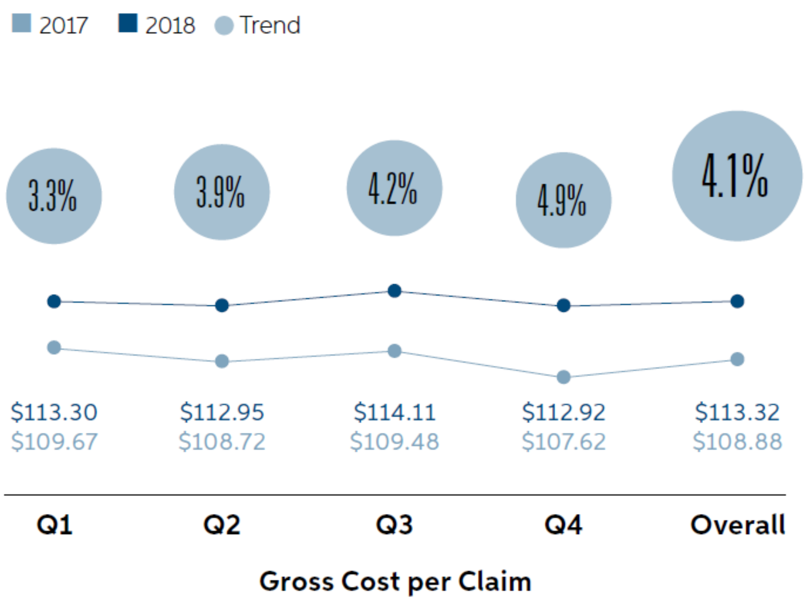
$77.43
COST
TREND

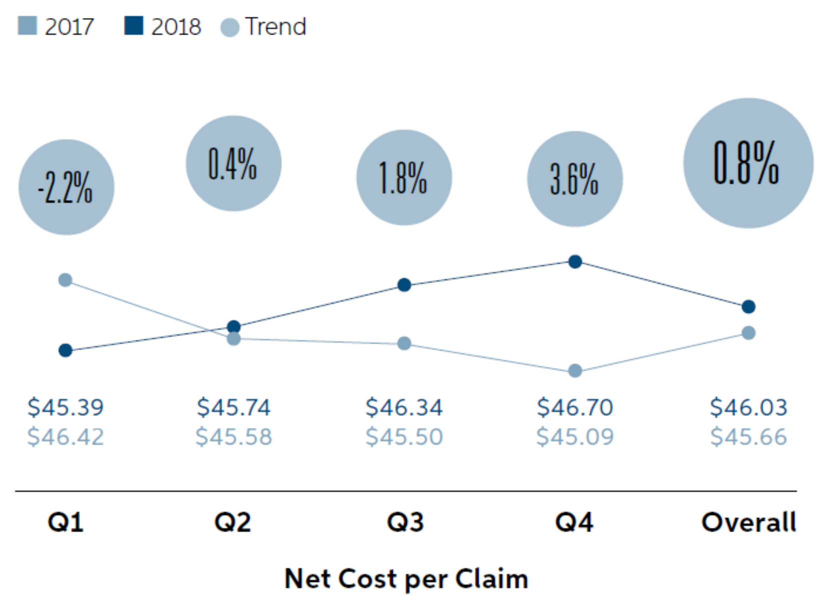
-5.5%
UTILIZATION
TREND

2018 Overall Cost Trend

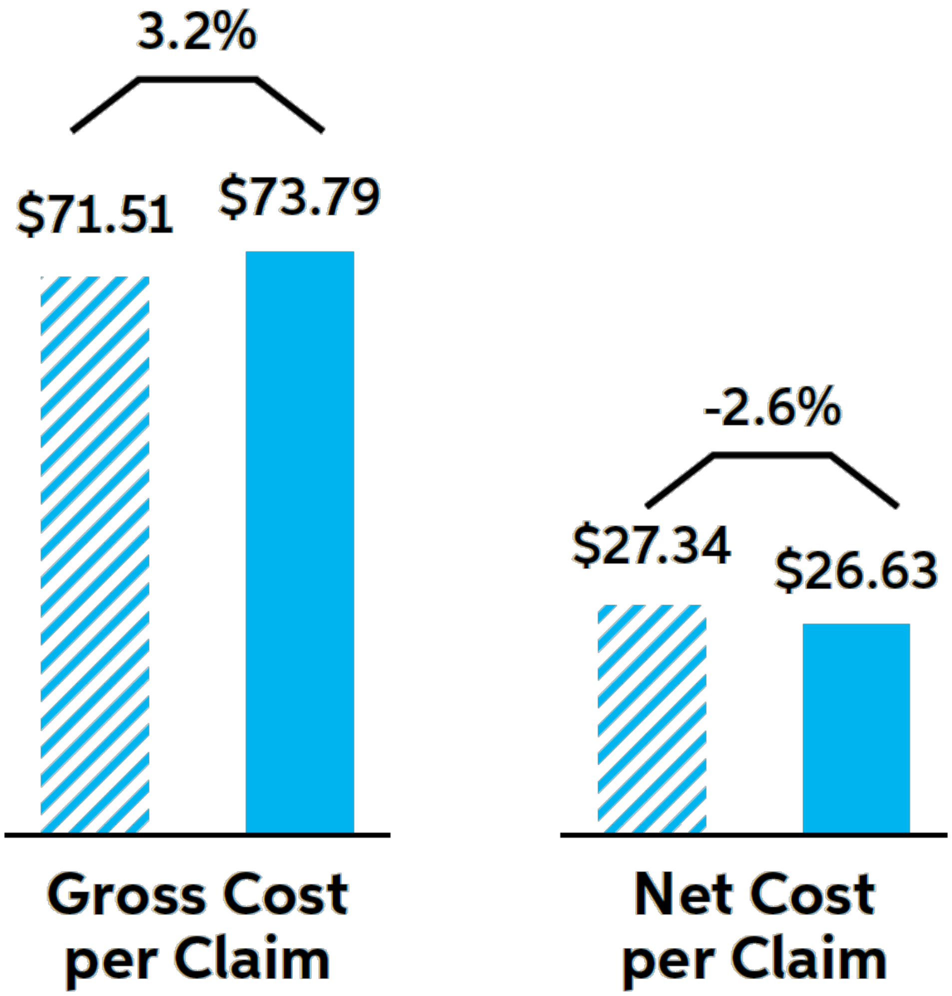


Overall Gross and Net Cost Per Medicaid Claim
2017–2018

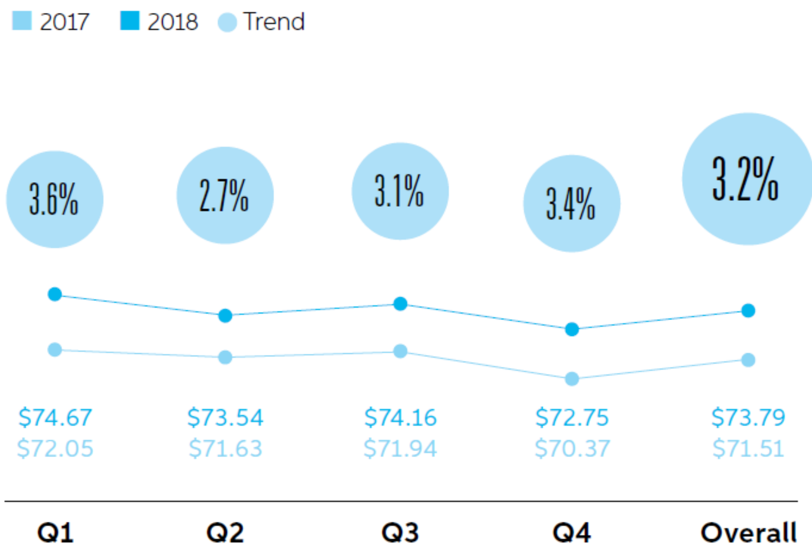




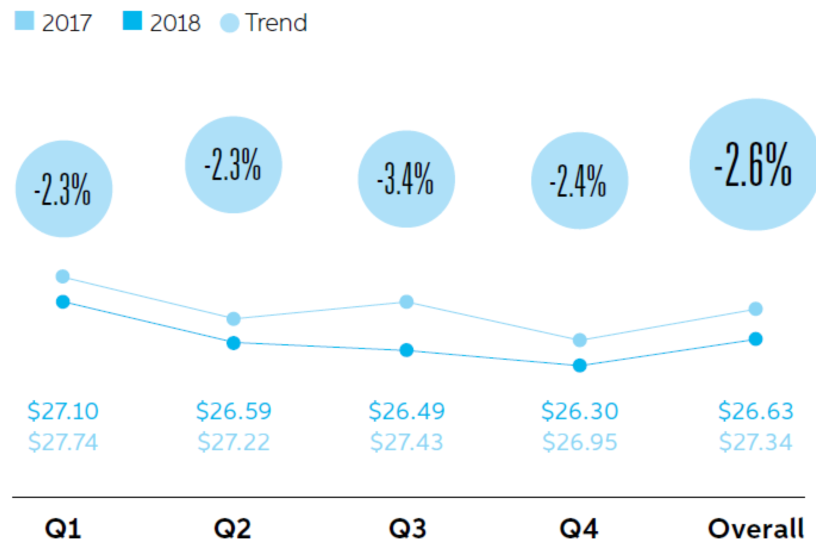
2018 Traditional Cost Trends



Traditional Gross and Net Cost per Medicaid Claim
2017–2018

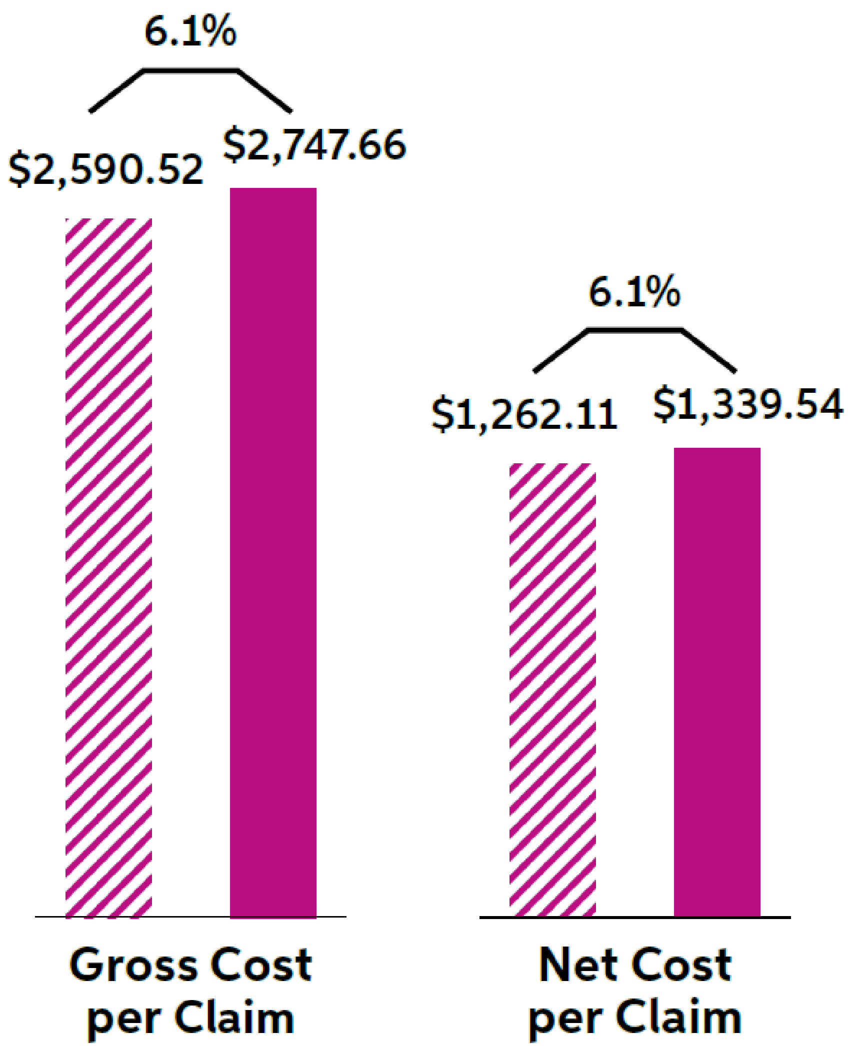


Gross Cost per Claim



Net Cost per Claim

2018 Specialty Cost Trends



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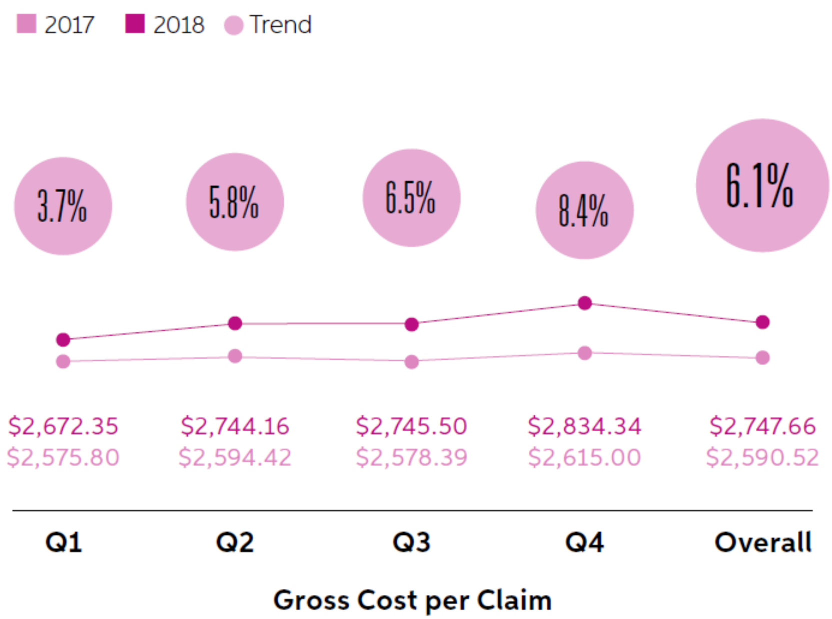
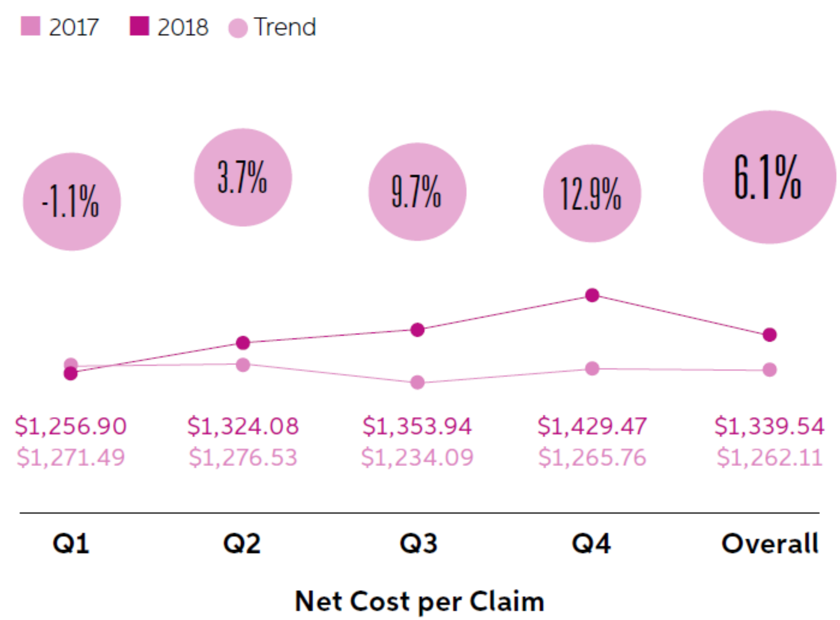
Specialty Gross and Net Cost per Medicaid Claim
2017–2018





Medicaid Federal Rebate 2017-2018

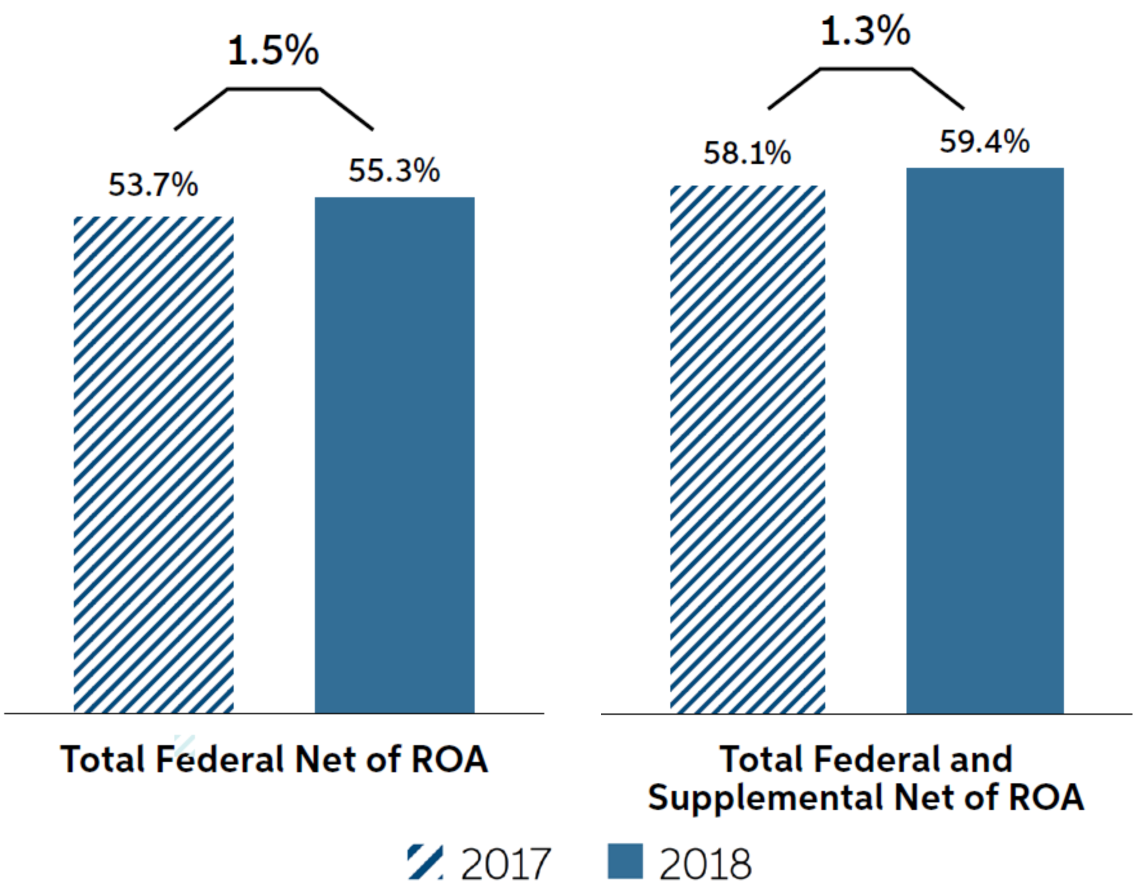
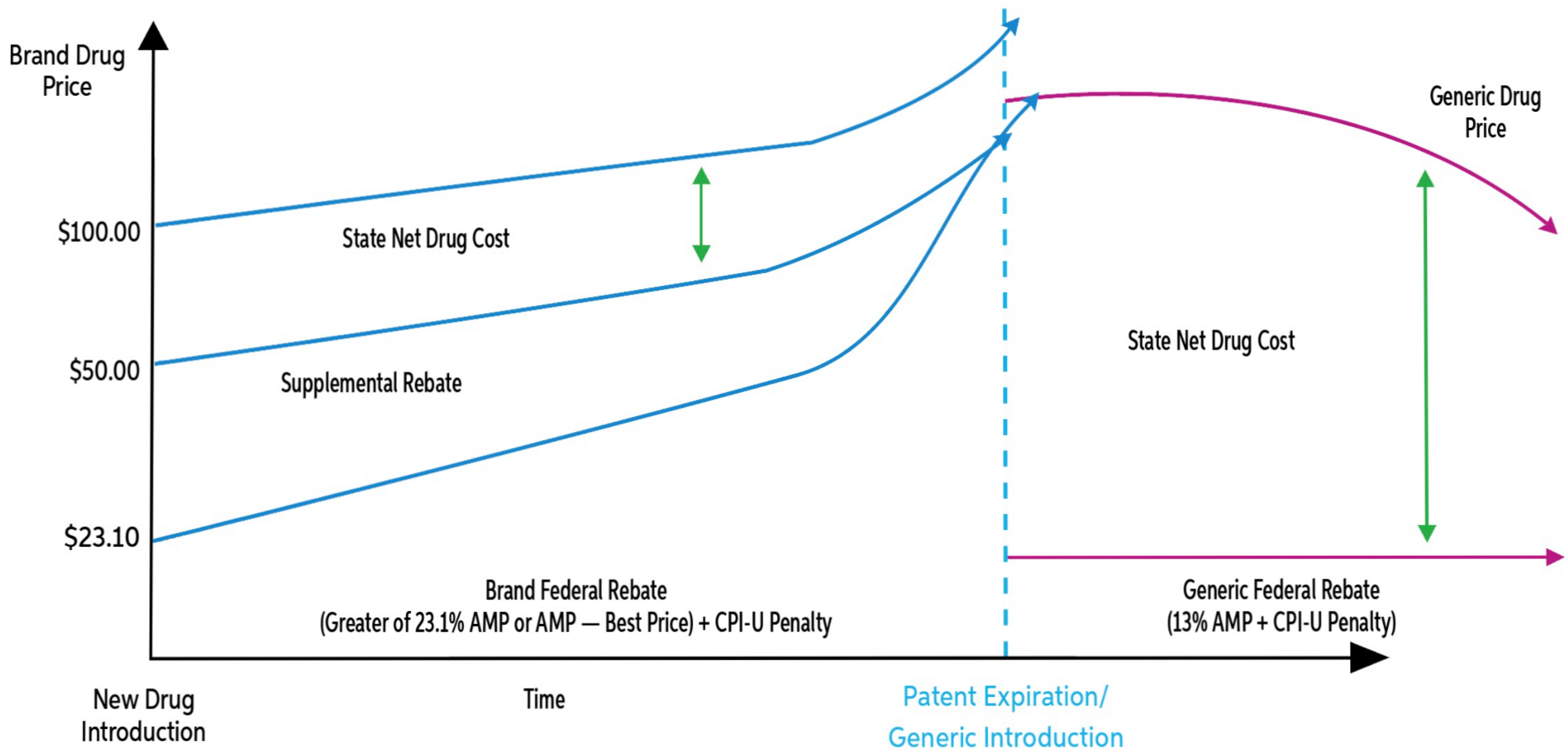
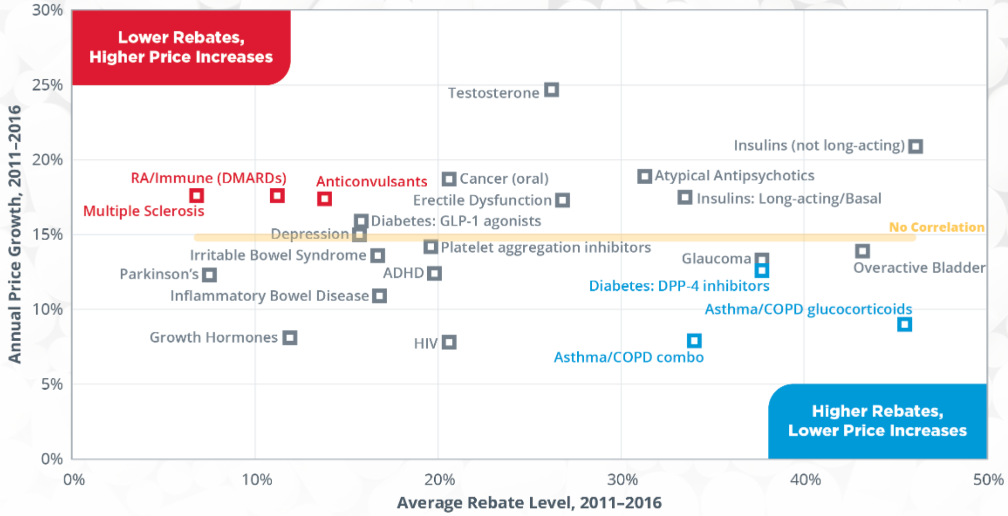


FIGURE 1

Medicaid Pharmacy Economics



Myth vs. Fact: Rebates
Study of top drugs shows no correlation



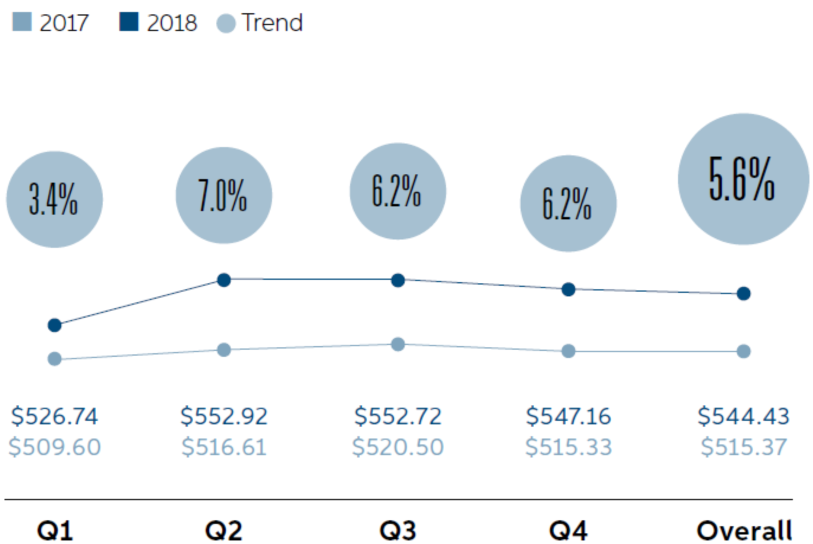
Major Findings:

- **No correlation** between drug prices and PBM/payer rebates
- Cases exist of higher-than-average price increases with relatively low rebates
- Cases exist of lower-than-average price increases with relatively high rebates
- Drugmakers are **increasing prices regardless of rebate levels**

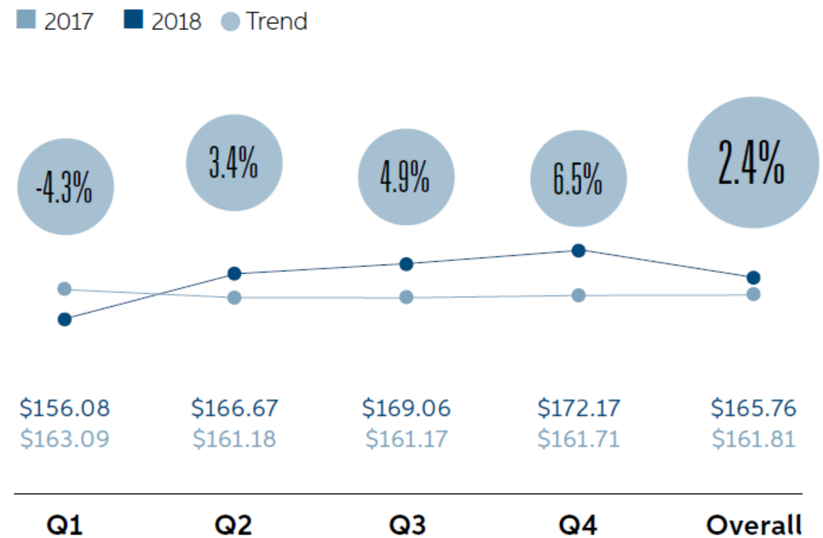
Study: Top 200-self-administered, patent-protected, brand-name drugs in 23 major drug categories examined.

Source: Visante, *No Correlation Between Increasing Drug Prices and Manufacturer Rebates in Major Drug Categories*. (April 2017).

Branded Drug Gross and Net Cost per Medicaid Claim
2017–2018

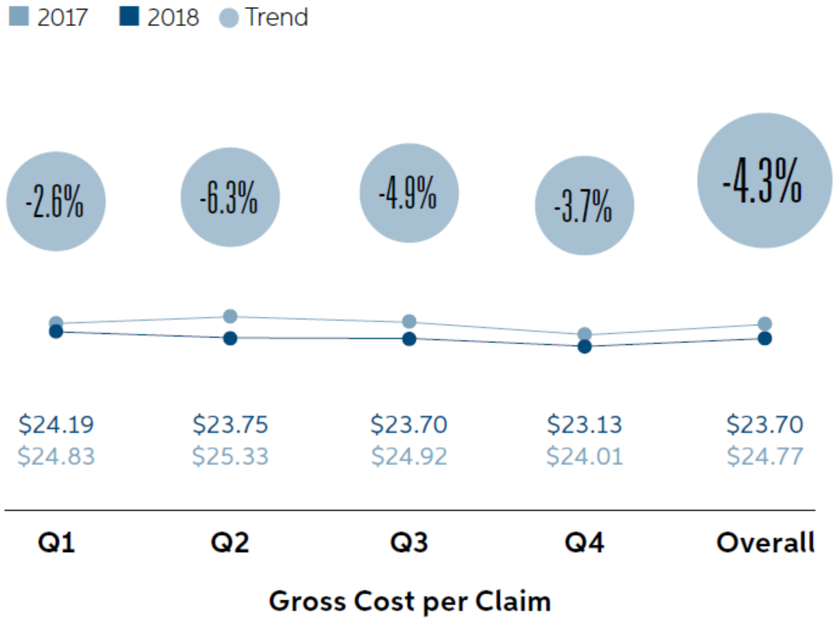


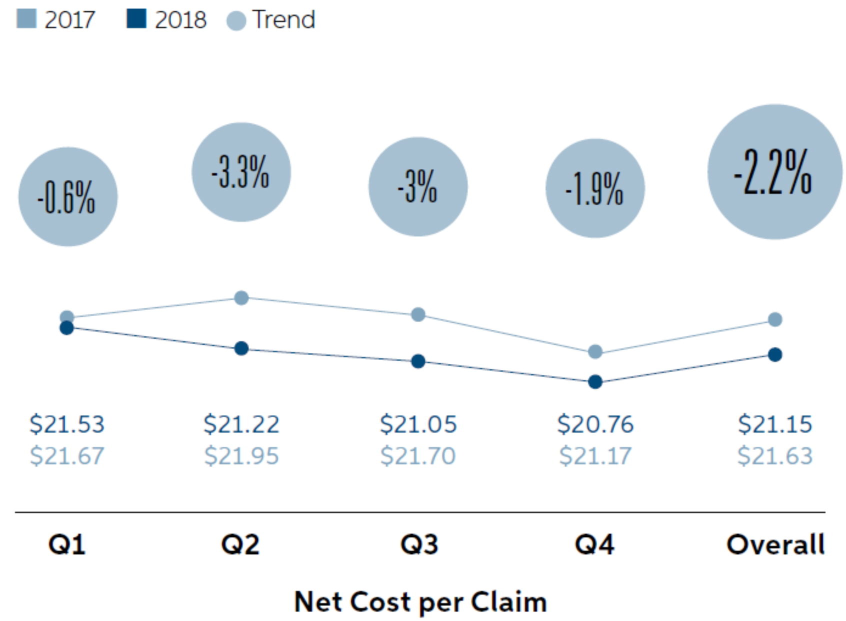
Gross Cost per Claim



Net Cost per Claim

Generic Gross and Net Cost per Medicaid Claim
2017–2018





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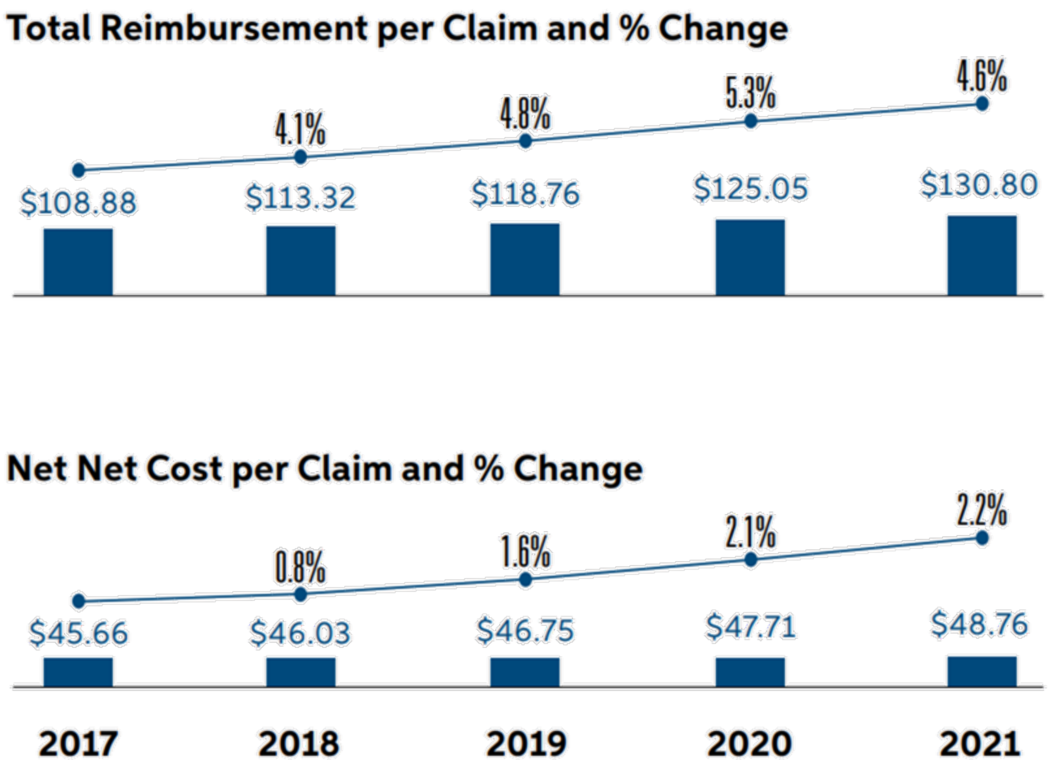
Medicaid Forecasting with MRx Predict



MRx Predict

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Drug Classes Driving Trend

Traditional Categories Driving Trend

Antipsychotics

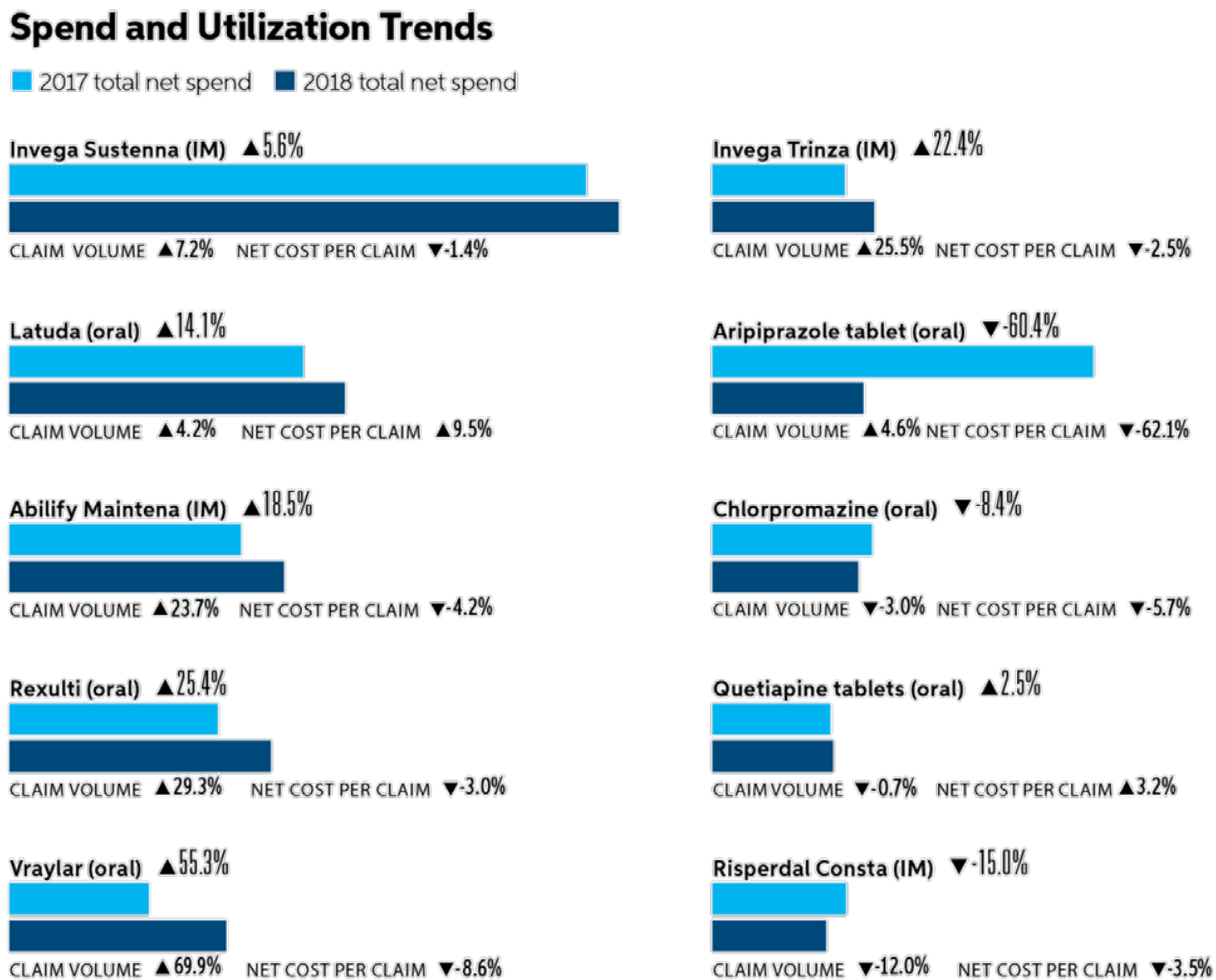
CLASS TREND PROFILE

-$51.4m
Net Spend Trend

-10.7%
Total Net Spend Trend

-1.7%
Claim Volume Trend

-9.1%
Net Cost Per Claim Trend



Traditional Categories Driving Trend
Hypoglycemics, Insulin and Related Agents

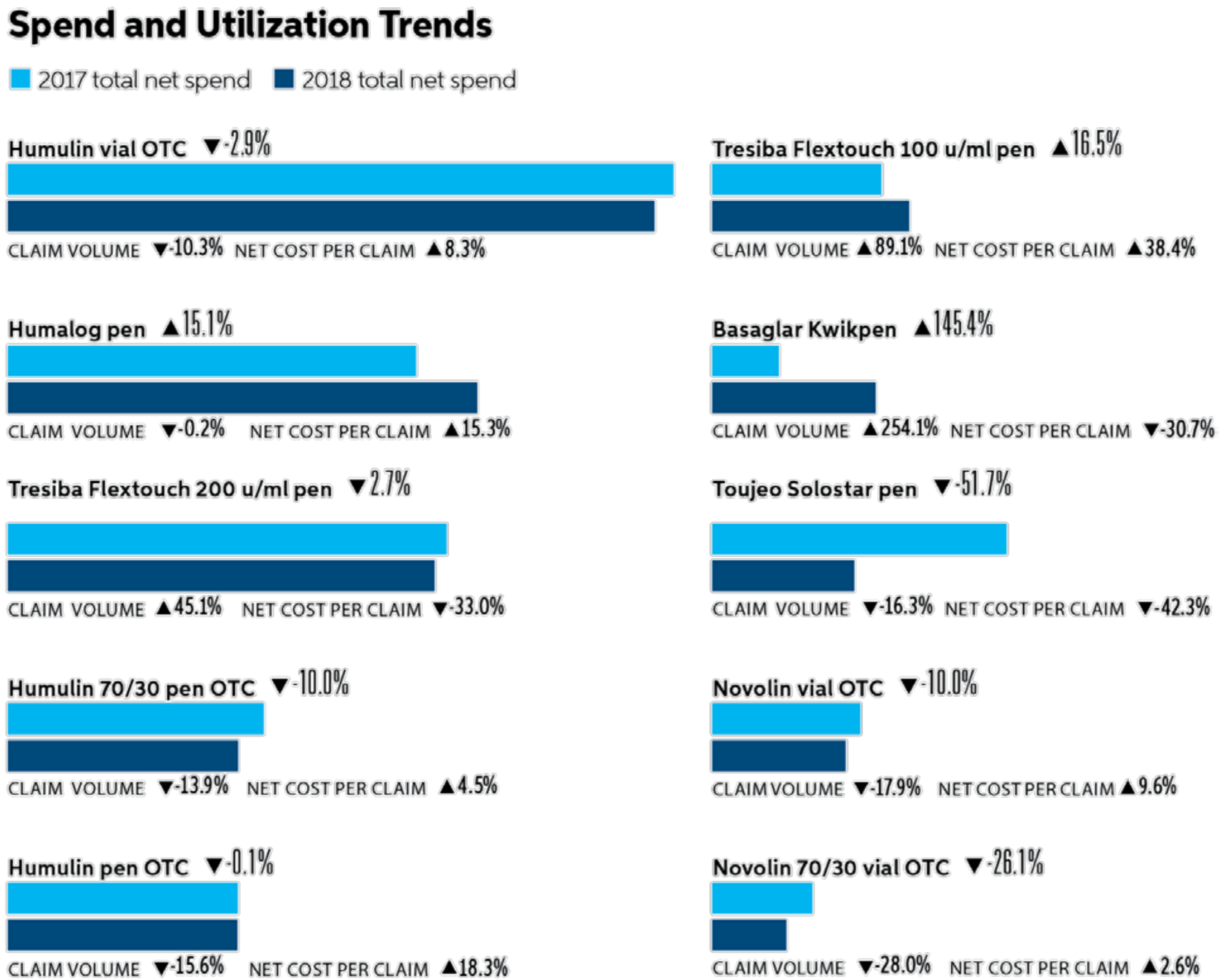
CLASS TREND PROFILE

-$8.3m
Net Spend Trend

-98.9%
Total Net Spend Trend

-2.3%
Claim Volume Trend

-103.5%
Net Cost Per Claim Trend



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Traditional Categories Driving Trend

Opiate Dependence Treatments

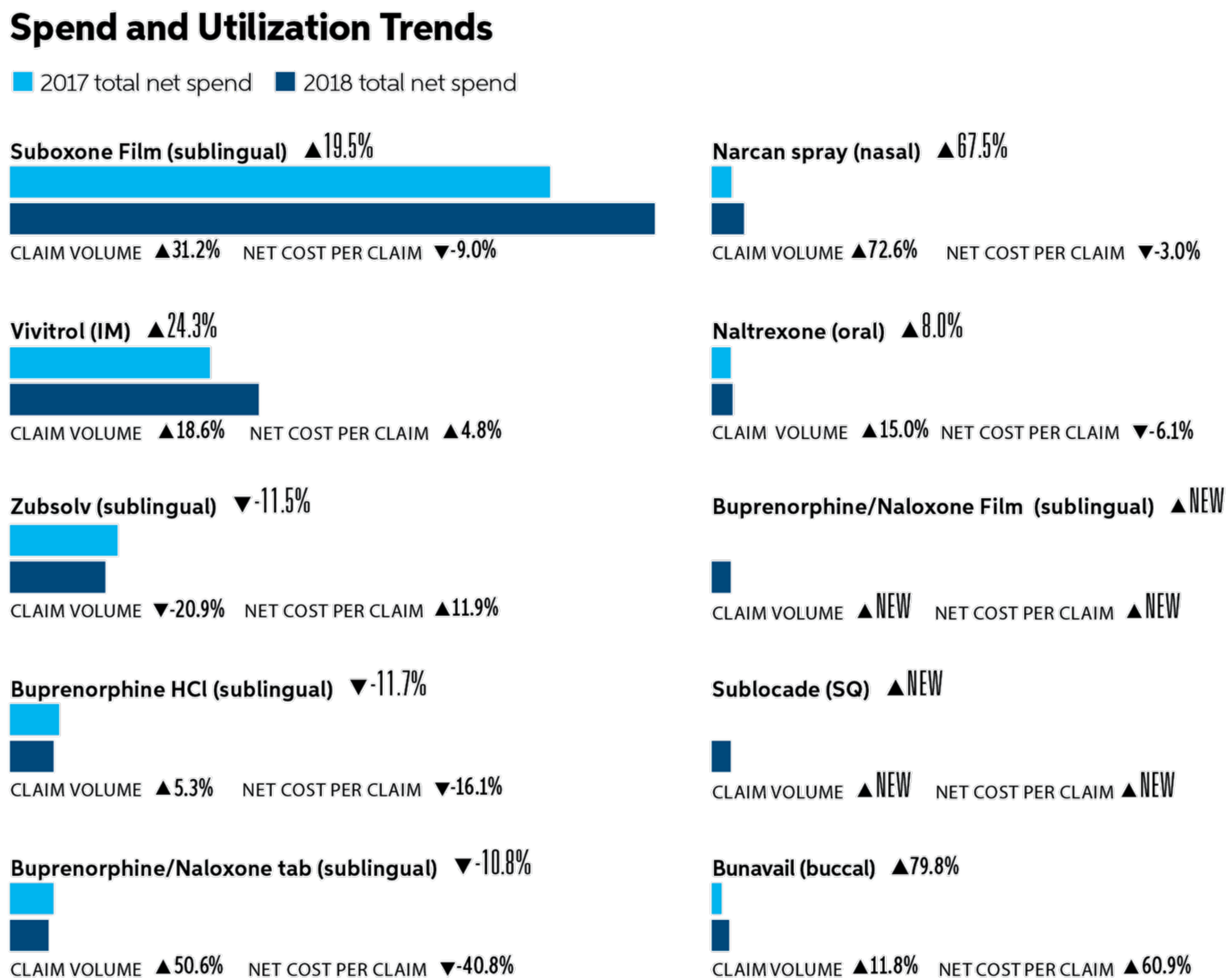
CLASS TREND PROFILE

$17.9m
Net Spend Trend

18.5%
Total Net Spend Trend

24.6%
Claim Volume Trend

-4.9%
Net Cost Per Claim Trend



Specialty Categories Driving Trend

Hepatitis C Agents

CLASS TREND PROFILE

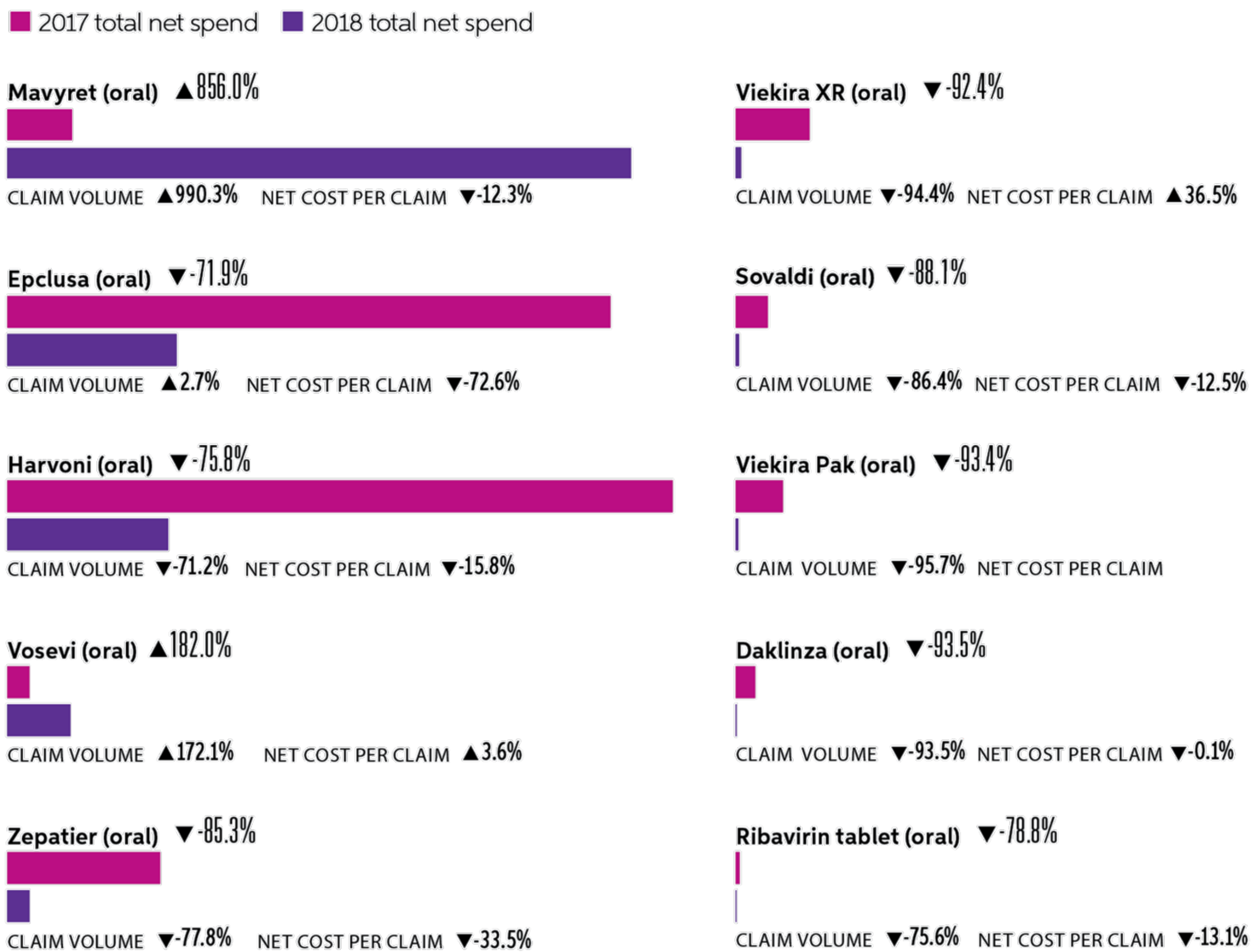
-$85.5m
Net Spend Trend

-37.5%
Total Net Spend Trend

-17%
Claim Volume Trend

-24.7%
Net Cost Per Claim Trend

Spend and Utilization Trends



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Specialty Categories Driving Trend

HIV/AIDS

CLASS TREND PROFILE

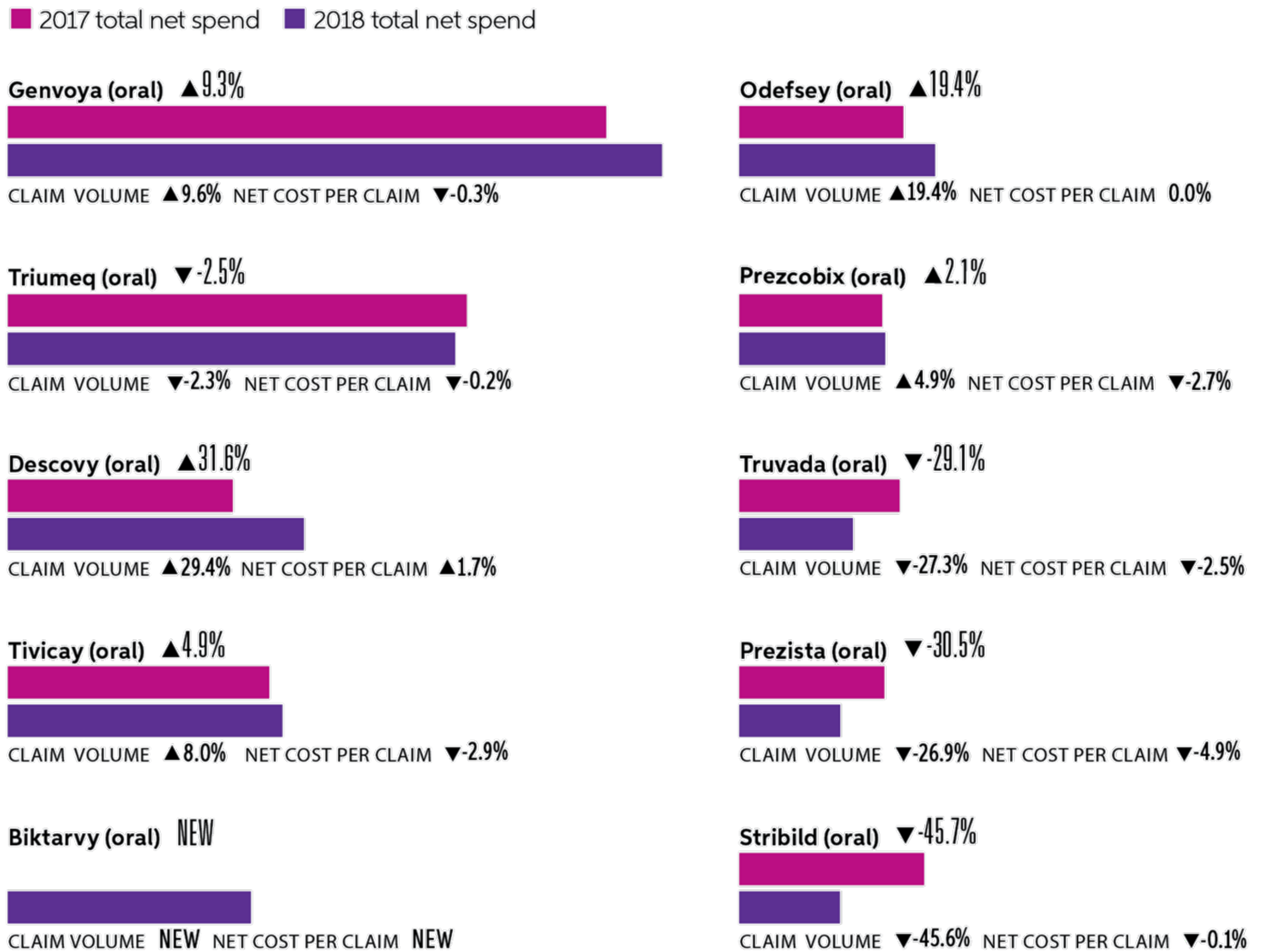
$21.5m Net Spend Trend

3.6% Total Net Spend Trend

-9% Claim Volume Trend

13.9% Net Cost Per Claim Trend

Spend and Utilization Trends



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Specialty Categories Driving Trend
Movement Disorders

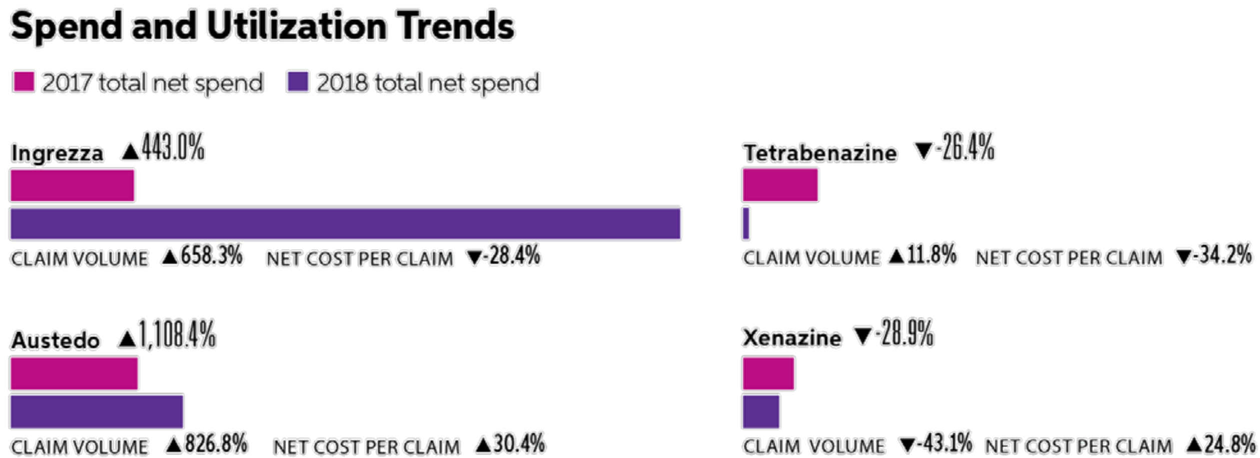
CLASS TREND PROFILE

$16.8m
Net Spend Trend

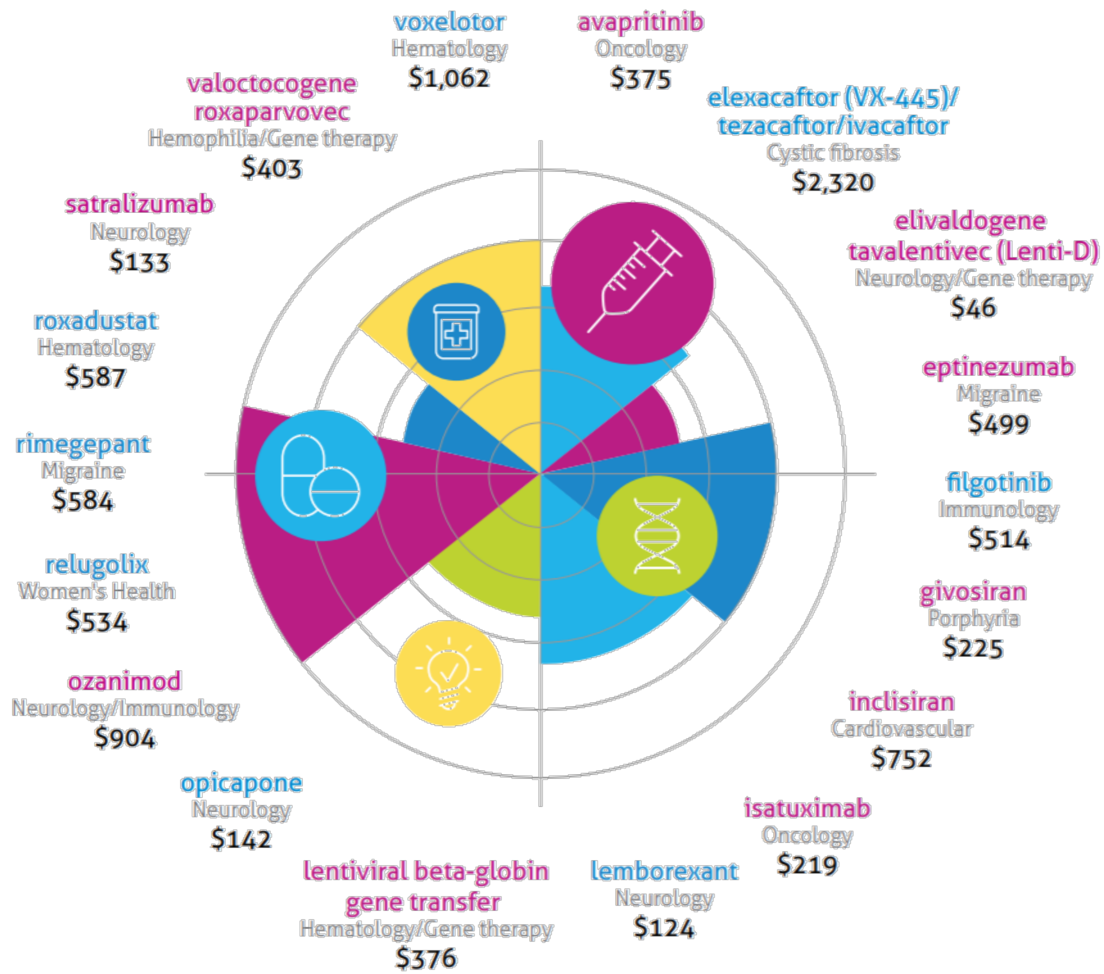
173%
Total Net Spend Trend

170.9%
Claim Volume Trend

0.8%
Net Cost Per Claim Trend



Pipeline and Forecasting



★ Specialty drug names appear in magenta

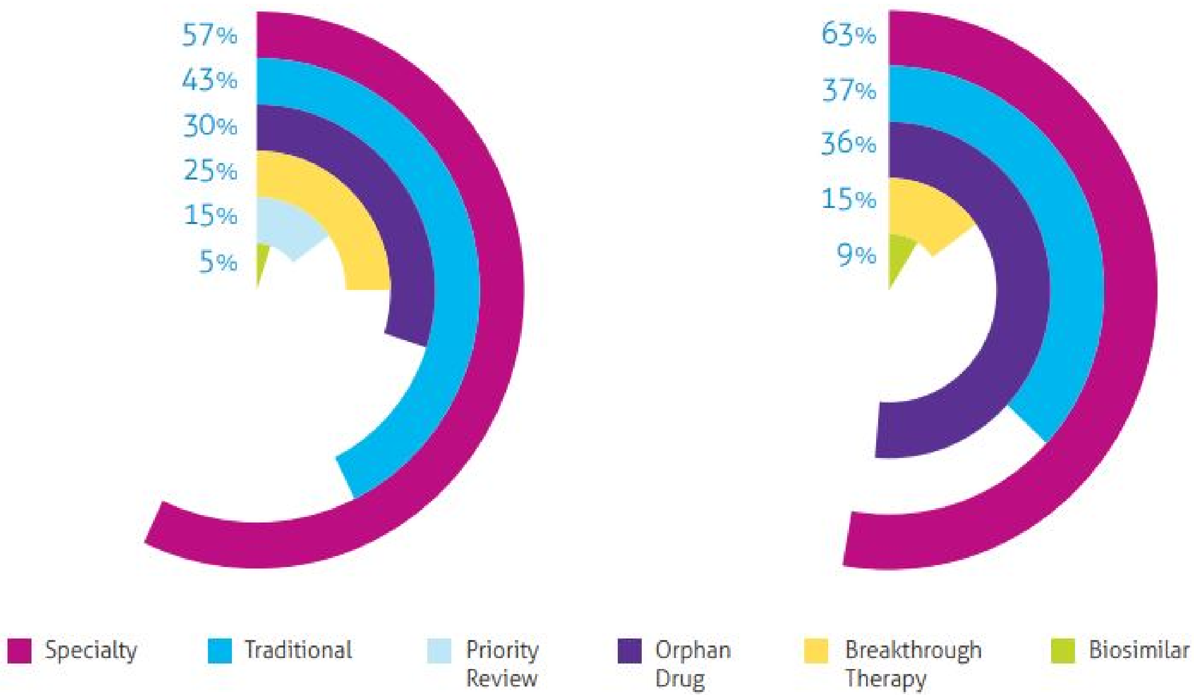
$ Financials are projected total annual US sales reported in *millions*, for the year 2023

PIPELINE **DRUG LIST**

The pipeline drug list is an aerial outline of drugs with anticipated FDA approval through 2021. It is not intended to be a comprehensive inventory of all drugs in the pipeline; emphasis is placed on drugs in high-impact categories. Investigational drugs with a Complete Response Letter (CRL) and those that have been withdrawn from development are also noted.

APPLICATION SUBMITTED TO THE FDA

IN PHASE 3 TRIALS



MRx Pipeline

PIPELINE DRUG LIST

★ Specialty drug names appear in magenta throughout the publication.

NAME	MANUFACTURER	CLINICAL USE	DOSAGE FORM	APPROVAL STATUS	FDA APPROVAL
dulaglutide (Trulicity®)	Eli Lilly	T2DM CV outcomes	SC	Submitted – sNDA	January 2020
peanut protein capsule (AR101)	Aimmune	Peanut allergy (children and adolescents)	Oral	Submitted – BLA; Breakthrough Therapy; Fast Track	January 2020
durvalumab (Imfinzi®)	AstraZeneca	SCLC (1st-line, extensive-disease)	IV	Submitted – sBLA; Orphan Drug; Priority Review	Jan–Mar 2020
osilodrostat	Novartis	Cushing's syndrome	Oral	Submitted – NDA; Orphan Drug	Jan–Mar 2020
rimegepant	Biohaven	Migraine treatment	Oral	Submitted – NDA; Priority Review (ODT only)	Late February 2020
paclitaxel injection concentrate for suspension	Sun Advanced Research	Breast cancer	IV	Submitted – 505(b)(2) NDA	Feb–Mar 2020
empagliflozin (Jardiance®)	Boehringer Ingelheim	T1DM	Oral	Submitted – sNDA	Feb–May 2020
ethinyl estradiol/ levonorgestrel	Agile	Contraception	Transdermal	Submitted – 505(b)(2) NDA	02/16/2020
pembrolizumab (Keytruda®) - 6-week dosing regimen	Merck	Melanoma; Classical Hodgkin lymphoma; Primary mediastinal large B cell lymphoma; Gastric cancer; HCC; Merkel cell carcinoma	IV	Submitted – sBLA; Breakthrough Therapy; Orphan Drug	02/18/2020

Biosimilars Pipeline

To date, a total of 26 biosimilars have received FDA approval. Of these, only 13 have entered the market.

APPROVED BIOSIMILARS				
Brand Name (Nonproprietary name)	**Manufacturer**	**Approval Date**	**Commercially Available**	**Originator Product (Manufacturer)**
Zarxio® (filgrastim-sndz)	Sandoz	March 2015	✓	Neupogen® (Amgen)
Inflectra® (infliximab-dyyb)	Pfizer/Celltrion	April 2016	✓	Remicade® (Janssen)
Erelzi™ (etanercept-szzs)	Sandoz	August 2016	-	Enbrel® (Amgen)
Amjevita™ (adalimumab-atto)	Amgen	September 2016	-	Humira® (Abbvie)
Renflexis® (infliximab-abda)	Samsung Bioepis/ Merck	May 2017	✓	Remicade (Janssen)
Cyltezo® (adalimumab-adbm)	Boehringer Ingelheim	August 2017	-	Humira (Abbvie)
Mvasi™ (bevacizumab-awwb)	Amgen	September 2017	✓	Avastin® (Genentech)
Ixifi™ (infliximab-qbtx)*	Pfizer	December 2017	-	Remicade (Janssen)
Ogivri™ (trastuzumab-dkst)	Mylan	December 2017	✓	Herceptin® (Genentech)
Retacrit® (epoetin alfa-epbx)	Pfizer/Hospira	May 2018	✓	Epogen® (Amgen) Procrit® (Janssen)
Fulphila® (pegfilgrastim-jmdb)	Mylan	June 2018	✓	Neulasta® (Amgen)
Nivestym® (filgrastim-aafi)	Pfizer	July 2018	✓	Neupogen (Amgen)
Hyrimoz™ (adalimumab-adaz)	Sandoz	October 2018	-	Humira (Abbvie)

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Notable Developments in Medicaid

OUTCOMES-BASED CONTRACTING

A real-world opportunity for drug manufacturers to demonstrate a product's value.

SUBSCRIPTION PAYMENT MODEL

States are incentivized to engage in a broad and far-reaching public health campaign to promote screening, diagnosis, and treatment referral for the identified condition(s).

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