Drug pricing update: strategies and trends
Drug Spending Growth Will Decelerate Due To Pricing Pressures, IQVIA Finds

Executive Summary
Global spending on medicines will continue to increase through 2024, but at a lower rate than the previous five years due to the impact of discounts, rebates and patent expirations.

Global spending on prescription drugs hasn’t been expected to take a major downturn, but the IQVIA Institute for Human Data Science said the growth rate is likely to decelerate over the next five years due to factors such as discounting and rebates, generic/biosimilar erosion and pressures created by the continued high volume of new drugs reaching the market.

In the Global Use of Medicine Spending and Usage Trends: Outlook to 2024 report issued on 17 March, the institute projects that global medicine spending will increase by 2%-5% from this year through 2024 on a net basis, likely down from the annualized increase of 4.2% over the previous decade. Releasing this report in the midst of the COVID-19 outbreak, however, IQVIA had to couch its estimates to account for current volatility in health care and financial markets. (Also see “Coronavirus Update: Drug Launches Could Be Hit, New Twist In CureVac Controversy, Moderna Doses First Patient” - Scrip, 17 Mar, 2020.)

The projections included in the report were made before the COVID-19 outbreak was termed a pandemic and do not explicitly factor in any impact. “The overall impact on medicine spending and use to date is thought to be very small, though this may change depending on the length and severity of disruption to communities and health systems,” IQVIA said in a same-day statement.

The institute has not seen any significant impact on medicine volume consumption domestically or globally, so far, but a longer disruption to everyday life likely will impact both prescription refills and patient starts on new therapies, IQVIA said. “Health care services and facilities may be diverted from normal practice, resulting in a knock-on effect on medicine use. The impact will inevitably differ by country and region as well as by disease area,” the institute added.

IQVIA also pointed out that previous major public health events, such as the H1N1 and SARS outbreaks, did not lead to major changes in the medicine consumption rates seen in the US or worldwide. To date, supply chain disruptions that could lead to medication shortages have not yielded a measurable impact, it said. Some delays in new drug launches can be expected, however, due to factors including disruption in clinical trials, regulatory filings and reviews, and reduced dissemination of new information and data as medical meetings are postponed or cancelled. Pharma companies have also ended in-person promotions by their sales reps. (Also see “Bad For Pharma: Sales Reps And Patients Are Staying Home” - Scrip, 18 Mar, 2020.)

Pricing Pressures Largely Offset Cost Impact Of Breakthrough Therapies
Institute director Murray Aitken notes that global medicine spending is growing at historically low rates, despite heightened focus on the cost of drugs. Even though expensive breakthrough therapies including cell and gene therapies are reaching the market, the impact of these products on the overall system is muted by cost reductions from generic and biosimilar competition to established branded therapies and price negotiations that result in a wide disparity
between invoice prices and what the US health care system often ends up paying.

IQVIA expects aggregate global spending on prescription drugs to top $1.1tn in 2024, but the rate of growth for increases from the $955bn in spending estimated for 2019 will be slowed by these pricing pressures. The report says net annual price changes for branded drugs in the US will range from -1% to 2% over the 2020-2024 time span, while declining by 2%-5% in other developed nations due to payer and government actions.

While aggregate drug spending increased 23% from $777bn in 2014 to $955bn last year, the gap between invoice pricing and net revenue is increasing for drug makers. “Net market size in 2019 [was] $255bn lower than invoice spending, a difference expected to exceed $400bn by 2024 as the dynamics driving greater discounts and rebates — including payer negotiations and subsidies with coupons or cost assistance for patients — are expected to continue,” the report notes.

Spending growth has been lower and more stable in developed markets such as the US and the five largest EU markets, while spending growth in emerging markets has been higher on an annual basis. The impact of this on the biopharma industry is limited, however, because developed markets continue to comprise a majority of drug spending.

In developed markets, the compound annual growth rate (CAGR) for drug spending was 2.6% from 2009 to 2014 and 3.3% from 2014 to 2019. In “pharmerging” markets, the CAGR was 12.2% from 2009 to 2014, declining to 7.7% from 2014 to 2019. In 2019, developed markets accounted for 64% of drug spending, according to IQVIA, while emerging markets accounted for 26%. However, the developed market portion of drug spending is expected to decline to 60%-61% in 2024, while emerging markets are expected to make up 28%-30% of total drug spending that year.

IQVIA has moderated some of its projections since the report it published in January 2019, when it projected a 3%-6% CAGR for global drug spending through 2023, reaching a peak of $1.5tn that year. (Also see “Global Pharma Growth Poised To Moderate, IQVIA Predicts “ - Scrip, 29 Jan, 2019.) However, as in the current report, the institute did predict a deceleration overall, as drug spending had increased by 6.3% from 2013 to 2018.

Downward pressure on drug prices will also be exerted over the next five years by patent expirations. The report predicts that losses of exclusivity will cost the industry $139bn less in sales in developed markets from 2020-2024, compared to $107bn in lost revenue from 2014-2019. The institute noted that the patent cliff will be greatest in 2023 – the year that AbbVie Inc.’s multibillion-dollar blockbuster Humira (adalimumab) loses exclusivity in the US – costing drug makers an estimated $39bn that year.
Rhetoric Doesn’t Square With Reality, Sanofi Drug Pricing Report Says

**Executive Summary**
Sanofi said the aggregate US net price of its drugs declined by 11.1% in 2019, while list prices increased 2.9%.

Sanofi took a strike against attacks on the high prices of insulin products in its 2019 drug pricing report, claiming that the debate around insulin prices doesn't match the company's drug pricing history.

“Despite the rhetoric about skyrocketing insulin prices, the net price of insulin has been falling for five consecutive years, making our insulins significantly less expensive for insurance companies,” Sanofi said in the report released on 4 March.

Sanofi is one of several drug makers that has begun issuing annual drug pricing reports in an effort to be more transparent about drug prices, amid pushback from the public and legislators. These reports, also issued by companies like Johnson & Johnson, Eli Lilly & Co. and Merck & Co. Inc., often focus on net pricing – providing information on the rebates and discounts the manufacturers provide. (Also see “Signs Of Change? Lilly, Merck, Janssen Report Slowing List Price Growth In 2018” - Scrip, 25 Mar, 2019.)

Sanofi said average aggregate US net price declined by 11.1% in 2019, while average aggregate list price increased by 2.9%. Additionally, 55% of gross US sales were given back to payers as rebates, including $5.5bn in mandatory rebates to government payers and $8.4bn in discretionary rebates.

While the list price of drugs is publicly available, the discounts and rebates drug companies pay to payers in formulary negotiations in the US is proprietary. As the difference between list and net price has grown, drug companies have begun to realize the lack of transparency around drug pricing does not always work out in the industry's favor when it comes to public perceptions.

Nonetheless, while the reports typically outline price increases on an average basis across the portfolio, which is helpful, they don't outline how prices increased for individual high-growth brands versus mature brands that are already facing competitive pressures.

In the case of Sanofi, the company called out declining prices of its long-acting insulin glargine products Lantus and Toujeo and short-acting insulin Admelog, but its diabetes sales have been declining under increased pricing pressure and competition, both from biosimilars and new brands, for several years. In 2019, Sanofi’s diabetes sales declined 8.2% to €5.11bn, coming after a 7.9% decline in 2018. Last year, Sanofi’s new CEO Paul Hudson said the company would exit diabetes drug development altogether. (Also see “Sanofi, Long-Time Leader In Diabetes, Is Exiting Diabetes Research “ - Scrip, 10 Dec, 2019.)

The net price of Sanofi insulins has declined by 41% since 2012, but that savings has not made its way to patients, the company said. Last year it reported net prices had decreased 25% between 2012 and 2018, indicating how competitive the insulin market has become. (Also see “Sanofi Releases Annual Drug Price Report Ahead Of Senate Hearing” - Scrip, 21 Feb, 2019.)
“Over the same period, the net price for commercial and Medicare Part D plan of our most prescribed insulin, Lantus, has fallen 37%, while average out-of-pocket costs for patients with commercial insurance and Medicare has risen approximately 62%,” Sanofi said.

“For all the focus by health plans and others on the growth of list prices, today, the average net price of Lantus is below 2006 levels,” the company added.

Sanofi also highlighted the cholesterol-lowering medicine Praluent (alirocumab). The price of the drug was lowered by 60% last year to $5,850 annually, but that was largely because payers had effectively blocked the PCSK9 inhibitor from getting to patients. The launch in 2015 was so dismal that Sanofi is also backing away from that product. One of Hudson’s first initiatives at Sanofi was to rewrite the terms of the partnership with Regeneron related to Praluent so that Regeneron will take over sole US rights and Sanofi will take ex-US rights. (Also see “Sanofi CEO Hudson Delivers An Ambitious Turnaround Agenda” - Scrip, 10 Dec, 2019.)

Altogether, Sanofi said it increased the price of 49 of 85 prescription drugs in 2019. It maintained all of those increases were in line with its pricing principles to limit total annual increases to a level at or below the projected growth rate for National Health Expenditures published by the US Centers for Medicare & Medicaid Services.

Rebate reform has been one of the industry’s big talking points when it comes to responding to backlash over the high price of drugs. Insurance companies don’t usually distribute the savings from rebates to patients at the point of sale, though there have been some efforts more recently to implement programs that do so.

Insurers say the savings go to lower insurance premiums. One of industry’s big arguments in favor of rebate reform has been that patients who need medicines the most carry an unfair burden of the cost. Industry had been lobbying in favor of a Trump administration proposal to reform the US rebate system last year, but the policy proposal fell through after the Congressional Budget Office (CBO) found it would increase the cost of Medicare Part D by $150bn from 2020 to 2029. (Also see “Pharma's Big Defeat: US Rebate Proposal Hits The End Of The Road” - Scrip, 11 Jul, 2019.)

A study published in the Journal of the American Medical Association (JAMA) on 3 March looked at the rising price of drugs, both list and net prices, over 11 years and found that both increased substantially. Even though rebates and discounts from manufacturers offset list price increases by 62%, the study found that net drug prices still increased 3.5 times more than inflation. (Also see “Both US List And Net Drug Price Increases Have Been Substantial, JAMA Study Finds” - Scrip, 3 Mar, 2020.)
How The Coronavirus Could Bolster Innovation Arguments Against US Price Controls

Executive Summary
The Trump administration does not believe its partnership with industry on therapeutics for COVID-19 should include conditions on pricing, US Health Secretary Alex Azar tells Congress.

US Health and Human Services Department secretary Alex Azar prioritized support for biopharma innovation over price controls during recent congressional hearings addressing the Trump administration’s response to the coronavirus outbreak.

His comments and those by House Republicans during the hearings highlighted the public health risk of discouraging industry investment into treatments for the coronavirus by making demands regarding pricing.

“We need the private sector” to develop treatments, Azar maintained during a House Ways and Means Committee hearing on 27 February.

The government “can do basic research, but to drive development across the finish line, whether for vaccines, therapeutics or diagnostics, it's going to take a partnership, or even independent action by companies. And those companies are going to have to be able to get a reward for their endeavors,” he stated. (Also see “Market For COVID-19 Therapeutics Will Exceed Government Demand, US Believes” - Pink Sheet, 25 Feb, 2020.)

Therapeutics for coronavirus “won’t exist if we don’t have a vibrant biopharmaceutical industry that’s willing to put significant amounts of capital up for very risky ventures,” Azar continued. “We talk about vaccines and therapeutics as if they are a sure thing. Actually, we’re going to have to put many bets out on the table to see…what works.”

Azar’s comments responded to a question from Rep. Tom Reed, R-NY, who suggested the legislative approach to drug pricing reform taken recently by Democrats would confound US efforts to encourage private sector innovation in a crisis like the current one.

Democrats “acknowledge and concede” that Speaker’s Nancy Pelosi’s HR 3, which has passed the House, would reduce the number of “cures” entering the market, Reed said, asking: “If we don’t have innovation, how are we going to get the treatments for things like the coronavirus?”

The Congressional Budget Office has preliminarily estimated the bill would reduce biopharma revenues by $500bn to $1tn over 10 years and lead to the creation of eight to 15 fewer new drugs. (Also see “Pelosi Rx Pricing Bill Offers Big Savings, Big Drop In Drug Development – CBO “ - Pink Sheet, 13 Oct, 2019.) The White House Council on Economic Advisors has projected a bigger impact on innovation, forecasting around 100 fewer drugs would launch over the next decade as a result of the legislation.

House Democrats Urge Price Controls On New Therapeutics
Azar also took issue with comments by Rep. Jan Schakowsky, D-IL, involving price controls at a House Energy and Commerce Health Subcommittee hearing on 26 February. Schakowsky and 45 other House members wrote to President Trump on February 20, urging that he ensure any coronavirus vaccine or treatment developed with U.S. taxpayer dollars be “accessible, available and affordable.”
That goal “cannot be met if pharmaceutical corporations are given authority to set prices and determine distribution, putting profit-making interests ahead of public health priorities,” the letter argues.

Members also expressed concern that the Trump administration “has already indicated its willingness to invest heavily in public-private partnerships without any conditions in place to guarantee affordable drug pricing and access.” The administration is requesting that Congress approve $1bn for the government’s role in developing a coronavirus vaccine.

At the hearing, Schakowsky sought assurances from Azar that any therapeutic developed with help from the government be priced at a level that would ensure “affordable” access.

“We absolutely share your passion around ensuring affordable access to medicines. But the private sector must have a role in this,” Azar said. “We will not have a vaccine and we will not have therapeutics without the private sector candidates that they, and we, will have to invest in.”

In response to Schakowsky’s argument that “we have paid for all of the R&D so far” for the current candidates, Azar explained: “That’s not accurate. For instance, Gilead Sciences Inc. has a product, remdesivir, that was originally [National Institute of Health] funded for basic research” but “they have carried forward with the development.”

The Administration “can’t control that price because we need the private sector to invest,” he emphasized. “The priority is to get vaccines and therapeutics” against the coronavirus. “Price controls don’t get us there.”
Executive Summary
Research published in JAMA shows that the pharmaceutical industry outpaces other industries in the S&P 500 on several measures of profitability.

How Big Pharma Profits Stack Up Against Other Industries

An analysis conducted by researchers at Bentley University and the University of New Mexico looked at the median annual profit margins for big pharma compared to other industries, part of a larger review of drug costs published in the Journal of the American Medical Association. The researchers said they wanted to help guide policy discussions on the balance of the biopharma industry’s duty to patients and the profit expectations of shareholders.

The profitability of large pharma companies has been shown to be significantly greater than other large public companies, by several metrics.
HOW THE INDUSTRIES STACK UP

PHARMA
$11.5tn

S&P 500 COMPANIES
$130.5tn

Gross Profit Margin\(^2\)

\[ \text{76.5\%} \quad \text{Vs.} \quad \text{37.4\%} \]

EBITDA\(^3\)

\[ \text{29.4\%} \quad \text{Vs.} \quad \text{19.0\%} \]

Net Income\(^4\)

\[ \text{13.8\%} \quad \text{Vs.} \quad \text{7.7\%} \]

\(^1\)Earnings figures expressed as a fraction of revenue (the total amount of sales after discounts, credits, or rebates).
\(^2\)Gross profit is the difference between revenue and cost of goods sold.
\(^3\)EBITDA: Earnings before interest, taxes, depreciation and amortization
\(^4\)Net income is the difference between all revenues and expenses.

The profitability gap between pharma and non-pharma companies narrows when company size (market capitalization), year or R&D expenses are factored in.
COMPAARED TO BIG TECH

Tech companies are increasingly becoming involved in the health care industry. On gross profit margin some are performing similarly to pharma, others notably less so.

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Pharma companies’ median net profit margin was significantly higher than all 10 sectors of the S&P 500, but that was only statistically significant compared to consumer discretionary and non-pharma health care.
PHARMACEUTICAL COMPANIES VS. S&P 500 INDUSTRIAL SECTORS, NET INCOME

Net income

Pharmaceutical (n=35)
S&P 500
- Technology (n=65)
- Other (n=8)
- Utilities (n=29)
- Consumer staples (n=35)
- Materials (n=25)
- Communications (n=22)
- Industrials (n=54)
- Consumer discretionary (n=71)
- Energy (n=31)
- Health care (other) (n=17)

Revenue, %

PHARMACEUTICAL COMPANIES VS S&P 500 HEALTH CARE SUBSECTORS, NET INCOME

Net income

Pharmaceutical (n=35)
S&P 500
- Distribution, retail, information (n=12)
- Insurance and health services (n=18)
- Other products (n=22)

Revenue, %

Source: F. Ledley et al. Journal of the American Medical Association, 3 March, 2020
Design: Jean Marie Smith/Informa Pharma Intelligence Design Team
The baseline findings of Fred Ledley, Bentley University, et. al’s analysis of profitability of 35 biopharmaceutical companies against 357 non-pharma companies in the S&P 500 found that pharma companies are more profitable than their non-pharma peers as measured by median gross profit margin, earnings before interest, taxes, depreciation and amortization (EBITDA), and net profit – findings that were statistically significant under multiple analyses.

As compared to 10 other industries, the research found pharma companies had significantly higher median gross profit margin than all 10 sectors of the S&P 500, significantly greater EBITDA than half of those sectors (consumer staples, materials, industrials, consumer discretionary, non-pharma health care) but not the other five (technology, energy, utilities, communications and “other”). Net profit was higher for pharma than all 10 sectors, but that difference was only statistically significant compared to consumer discretionary and health care.

But the authors noted that there were several limitations to their research, finding smaller gaps in profit margins when controlling for company size, time and R&D expenditure. The analysis focused on large, fully integrated pharma firms, and did not consider small or mid-sized pharma and biotech companies that often report losses. There was less difference in the profitability for pharma compared to the rest of the sample during the last five years examined, 2014-2018. And the study found that non-pharma companies reported R&D expenses in fewer than half of the years reviewed, while pharma companies had such expenses every year.

It also was unable to factor in the fraction of drug sales price ultimately recorded as profit by pharma companies, which is affected by other players in the layered distribution system such as pharmacy benefit managers, the authors admitted. It also did not attempt to determine if pharma companies are obtaining “excess profit,” defined as profit over and above normal return compared to risk of investment.

In an accompanying editorial, Harvard University economist David Cutler pointed out that net income generally offers “the most compelling conclusion” about corporate profitability, and the spread here was narrowest between pharma and the rest of the sample (13.8% vs. 7.7%). On gross profit margin, the study found a 39% spread, along with a 10% spread on EBITDA.

The study also omitted the cost of business development for the pharma industry, even though capital expenditures to acquire products or developmental assets are much more common than in other industries, he noted. Cutler also said that the report may have misrepresented the profitability of drugs by not considering R&D costs incurred before the firms had reached market and succeeded, noting much of this spend and related risk is frontloaded. (Also see “The Cost To Bring A New Drug To Market? $1.3bn, JAMA Study Finds” - Scrip, 4 Mar, 2020.)

“The economics of pharmaceuticals are important to consider. Like several other industries (e.g., software and motion picture production), the pharmaceutical industry has very high fixed cost and very low marginal cost. It takes substantial investment to discover a drug or develop a complex computer code, but the cost of producing an extra pill or allowing an extra download is minimal. The way that firms recoup these fixed costs is by charging above cost for the product once it is made,” Cutler added. “If these upfront costs are not accounted for, the return on the marketed good will look very high.”

Besides profitability, another way to compare the financial returns to pharma against other industries is entry activity, with higher activity
indicating greater expectation of profitability. “In the case of pharmaceuticals, there is a good deal of entry activity,” Cutler said. Health care comprises the second-largest portion of venture capital investment, following technology, and pharma/biotech captures the “vast bulk” of that, he noted.

However, Cutler also pointed out that comparing the cost of drugs to estimates of their clinical value is another way to “examine whether pharmaceutical companies earn too much” – and cost-effectiveness studies have had very mixed results. The perception that drugs are priced too high remains a dominant policy debate, which the series of drug pricing articles in JAMA was intended to inform. Cutler allowed that there is also evidence showing that lowering drug prices and the profitability of the biopharma industry will blunt innovation. (Also see “How The Coronavirus Could Bolster Innovation Arguments Against US Price Controls” - Scrip, 27 Feb, 2020.)

“These factors do not imply that prices should not be reduced,” he concluded. “Paying more than a drug is worth is not a good strategy. Even if a drug is worth a high price socially, pricing patients who need the drug out of the market is a real loss, even in it leads to more innovation in the future.” Generic drug price increases also “serve no innovation purpose,” he said, “but, as a general rule, it is important to be wary of blunt ‘lower all drug prices’ policies.”

Aside from the pressure of the drug pricing policy debate, Cutler points out another threat to the biopharma industry. The most profitable companies in the S&P 500 are the big technology companies, and Ledley et al’s analysis showed that their net earnings were 20%-30% compared to 13.8% for pharma. These firms also have “very large amounts of cash to invest” and are increasingly moving into health care. “Apple is partnering with select health care organizations and is downloading medical records; Alphabet has a number of health ventures, including prediction algorithms for disease and automatic sensors; and Microsoft is venturing into data transparency and performance analysis. Joining them are companies like Amazon and Walmart, big retailers with histories of disrupting supply chains,” the editorial states.

Add in other large employers pushing for lower spending on health care, and Cutler queries whether this will “lower pharmaceutical prices and thus profitability? Or will pharmaceuticals be spared at the expense of other care products and services? The answer will most likely be known in the next few years.”
High-Priced Entries Drive 17% Rise In Spending On Anti-Inflammatory Drugs

Executive Summary
But declines in other categories held overall spending on US retail pharmacy drugs covered by commercial plans to a marginal 2.3% increase in 2019, Express Scripts reports.

Commercial health plan spending on prescription drugs for inflammatory conditions surged ahead 17.1% in 2019, led by higher costs for recently introduced treatments, according to Express Scripts Holding Co.’s latest Drug Trend Report.

The spending increase for drugs to treat rheumatoid arthritis, psoriasis and other autoimmune conditions reflects a “shift to newer, more expensive brand alternatives for which there are no available biosimilars,” the report notes. The Drug Trend report offers a snapshot of US retail pharmacy sales based on spending patterns among Express Scripts’ clients.

Among the recent entrants driving the inflammatory drug trend is Novartis AG’ Cosentyx (secukinumab) for psoriasis, psoriatic arthritis and ankylosing spondylitis. US sales for the drug rose 33% to $2.2bn in 2019 and the company is seeking a number of additional indications to broaden the Cosentyx label.

Eli Lilly & Co.’s Taltz for plaque psoriasis and psoriatic arthritis is another contributor to higher costs for payers. US sales for the drug rose 38% in 2019 to top $1bn.

Sanofi and Regeneron Pharmaceuticals Inc.’s nearly three-year old Dupixent (dupilumab) for atopic dermatitis is an anti-inflammatory blockbuster on a strong growth trajectory. Revenues for the drug reached $1.8bn in the US in 2019, up 140% compared to the prior year. A wave of other new therapies for inflammatory conditions like ulcerative colitis and atopic dermatitis is expected in the next few years and are expected to boost spending by insurers. (Also see “Atopic Dermatitis: Ruxolitinib And Baricitinib Spearheading New Therapies” - Scrip, 30 Jan, 2020.)

AbbVie Inc. recently added two anti-inflammatories as it seeks to shore up its franchise against US biosimilar competition to its mainstay Humira (adalimumab), which is set to begin in 2023. AbbVie’s Skyrizi (risankizumab) and Rinvoq (upadacitinib) launched in the second half of 2019 and have already begun to make inroads to the US market. The company reported in its recent year-end earnings presentation that Skyrizi now holds roughly 25% of the US psoriasis category and Rinvoq has collected a 9% share so far in rheumatoid arthritis. US sales for Skyrizi and Rinvoq at year-end totaled $311m and $47m, respectively. (Also see “Countdown To The Allergan Merger, And More From AbbVie’s Q4 Earnings” - Scrip, 7 Feb, 2020.)

After inflammatory drugs, oncology treatments recorded the next largest increase in spending among commercial plans, with a 10.8% rise. The report notes that drugs to treat multiple myeloma, certain types of lymphoma, and breast and lung cancers contributed to the increase, and that it mainly reflected higher prices.

An 8.1% increase in spending on drugs for HIV reflected higher utilization and higher unit costs for newly approved brands drug as well as Gilead
Sciences Inc.’s pre-exposure prophylaxis (PrEP) therapy, Express Scripts noted. Spending on diabetes agents also rose more than 8%, but the increase “was influenced primarily by 3.2% higher utilization for commonly used generics.” The increases in spending for the four categories were offset by reduced spending in treatments for pain/inflammation, asthma, antidepressants and high cholesterol in 2019, the report notes. (See chart.)

Retail Pharmacy Drug Trends By Category, 2019
Spending trends across Express Scripts’ commercial plan clients from the pharmacy benefit manager’s latest Drug Trend Report

A nearly 16% decrease in asthma spending was attributed to a “sharp decline” in the cost of branded drugs and a 9.4% drop in spending on cholesterol drugs included 46.7% lower prices for Sanofi and Regeneron’s Praluent (alirocumab) and Amgen Inc.’s Repatha (evolocumab).

Overall, drug spending by commercial plans managed by Express Scripts rose 2.3% in 2019, in line with the Consumer Price Index. That compares with an increase of just 0.4% in 2018 and a 1.5% rise in 2017.

Commenting on the year-to-year changes in spending, an Express Script spokesperson explained: “Each year brings changes to market dynamics – new drug approvals, new innovations, policy changes, drug maker consolidation, price changes – and those changes have an impact on trend.”