



ingenio^{Rx}[™]

DRUG TREND REPORT 2020

Specialty Supplement



Innovative approaches to specialty care

Despite global change and unprecedented challenges, 2020 was a year of proactive ingenuity for our team. It allowed us to step back and take a critical look at the needs of our sponsors and members — not just in the moment, but with an eye toward a future that we envision as filled with meaningful change, including in the area of specialty drugs.

Colleen Haines
Vice President/
Chief Clinical Officer,
IngenioRx

It's no secret that specialty drugs are the No. 1 driver of prescription drug costs, but the impact isn't only a matter of price. Our view across both medical and pharmacy benefits helps ensure appropriate use, and guides benefit design and site administration. As we thoroughly evaluated specialty cost, we also balanced member experience. By more accurately calibrating care with a member's need, we find we can not only substantially lower the cost of care, but also improve the quality of care and the experience.

Our innovative ways of managing specialty drugs play a major role in our comprehensive, holistic approach to member care. All are designed to produce maximum improvements to health and five-star member satisfaction, as well as significant savings for our plan sponsors.

We're proud of what we accomplished in 2020, and are looking forward to bringing even more innovative, clinical-first, member-focused solutions to market.



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Executive summary

Our 2020 specialty trend

Specialty drug utilization occurs in both pharmacy and medical benefits. Our expertise in specialty drug management held our total specialty drug trend to 6.1% — for both benefits combined — successfully keeping our specialty trend in the single digits despite increases in utilization.

Not only did our strategic management strategies over the year positively impact both benefits, but they also delivered increased member satisfaction. Commercial members using our specialty pharmacy in 2020 gave us a 92% overall satisfaction rating.

SPECIALTY TREND

**6.1%**

Pharmacy + medical



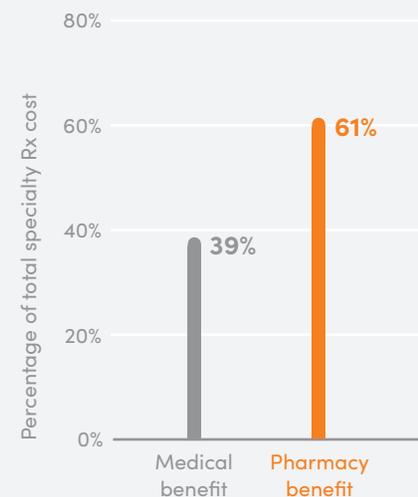
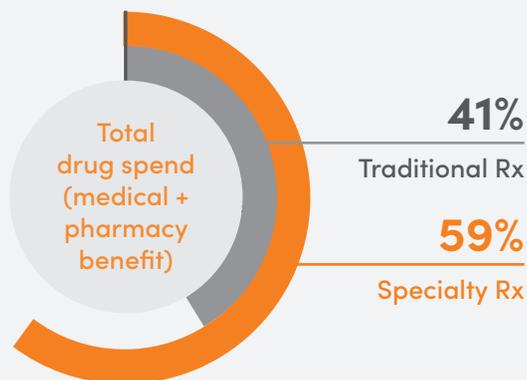
One of our most effective specialty-focused programs, Specialty Condition Management, empowers members to coordinate management of all their conditions.

Benefits of this program include:

- Expert, whole-health support for members with complex conditions
- Improved quality of life for members
- Depression screening, followed with outbound outreach

Driving medication adherence and reductions in emergency room and hospital visits, Specialty Condition Management generated \$50M in savings. For clients, the per-engaged-member-per-month savings increased to \$330.

Specialty drugs accounted for 59% of the entire drug cost (combined medical and pharmacy benefits), where 39% of the specialty drug cost falls under the medical benefit. In a nonintegrated system, management strategies for nearly 40% of the specialty drug spend would be missed, demonstrating the importance of a holistic view of drug management.





Specialty drug accumulator rules

Accumulators track member payments and apply them to a member's deductible and out-of-pocket maximums. These accumulators play an important role in making sure that the different phases of a member's benefit are applied properly.

We observed a significant increase in the number of specialty drug manufacturers who are subsidizing member copays, outside of need-based programs, as part of their drug-specific marketing programs. Historically, these manufacturer subsidies have counted toward deductibles and out-of-pocket maximums, despite the fact that they do not represent an out-of-pocket cost for the member.

Through this program, we are able to keep the integrity of plan design intact and help reduce overall plan costs. We are mitigating the impact of manufacturer copay assistance programs and helping control specialty drug spend by ensuring members only receive credit toward their plan cost shares for amounts truly paid out of pocket.

Our Specialty Drug Accumulator Rules program launched in 2020. This product ensures a plan's cost-share strategy operates as intended, preventing non-needs-based manufacturer copay assistance funds from counting toward a member's deductible and/or out-of-pocket maximum. This product drives up to 4.25% savings on pharmacy benefit specialty drug spend.

Biosimilars

With prominent biologics coming off patent in recent years, the number of biosimilars available continues to expand. However, comfort and experience in prescribing biosimilars varies by specialty and condition, leading to still limited market penetration of biosimilars in the United States.

To account for variability of acceptance while also managing cost, our biosimilar strategy offers choice and greater access to lower-cost options for our members and their providers. In categories where there is less comfort, biosimilars, along with more familiar drugs, are available – with specific approaches varying by therapeutic category.

% biosimilar shares (uptake)

Biosimilar category	Available biosimilars	2019	2020	Net difference
Filgrastim	2	62.4%	82.4%	20.0%
Bevacizumab	2	0.8%	15.2%	14.4%
Trastuzumab	5	1.4%	28.0%	26.5%
Epoetin alfa	1	3.9%	11.0%	7.1%
Infliximab	3	3.8%	5.1%	1.3%
Pegfilgrastim	4	16.4%	25.1%	8.7%

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Enabling biosimilar access

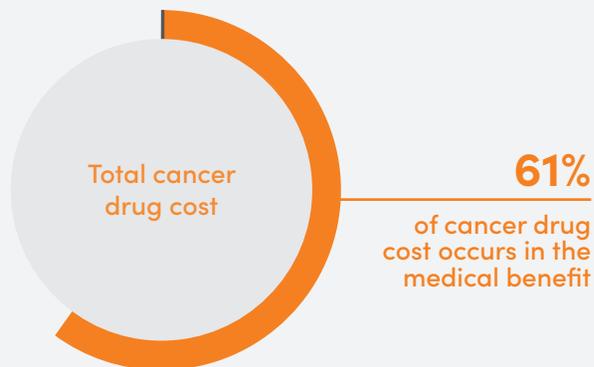
Zarxio, a filgrastim biosimilar, was designated as the preferred product in its class in 2020. As a result, Zarxio market share increased to 73%. We used a multipronged approach with our providers to show the value of using a preferred product, such as a biosimilar. This approach garnered higher acceptance among providers and led to a 22% savings within this therapeutic class.

On the other hand, Avastin (bevacizumab) and Herceptin (trastuzumab), branded products used to treat cancer, are at parity with their respective biosimilars, providing our members with access to both the reference products as well as biosimilars.



Oncology and cancer

Oncology drugs have a major impact on both medical and pharmacy specialty spend and trend, with the majority of spend on the medical benefit. Our integrated strategies allow us to manage these drugs across benefits in a holistic manner, creating a more-streamlined experience for our members, providers, and clients.



In 2020, we implemented new and enhanced programs to improve management of cancer drugs, while focusing on the overall health and safety of our members who have cancer. To keep these vulnerable members safe during the COVID-19 pandemic, we initiated a voluntary program to offer the option of home infusion for people who were receiving certain medical oncology infusions in an outpatient setting. This allowed for a more convenient, safe, and less costly site-of-care option.

On the pharmacy side, we promoted generics by reaching out to providers whose members were taking brand oral oncology medications. Providers were encouraged to review generic availability and switch their patients to the lower-cost product, if appropriate. In 2020, the utilization of generic products within the oral oncology drug class led to a savings of \$30M.

We also expanded our Split-Fill Program to include additional oral oncology medications. Aimed at promoting adherence and avoiding waste due to intolerance, the program only allows a 15-day supply to be dispensed on the first fill of select oral oncology medications. We found that approximately 12% of new claims with split-fills were discontinued, resulting in an average waste avoidance of \$5,491 per claim (versus prescriptions filled for an entire month).



SAVINGS



Waste avoidance per claim

\$5,491

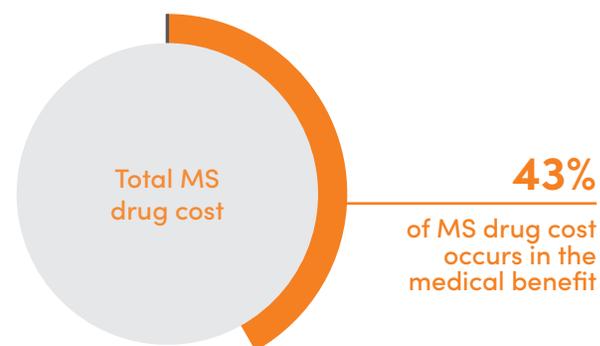


Multiple sclerosis

Drugs to treat multiple sclerosis (MS) have a major impact on both medical and pharmacy specialty spend and trend, with significant spend on the medical benefit.

On August 18, 2020, the Food and Drug Administration approved a generic for Tecfidera, an oral therapy for MS. This generic treatment option was priced significantly lower than all others in the category. Leading with a clinical-first lens, we implemented an integrated step therapy strategy to utilize generic Tecfidera, a pharmacy benefit treatment, before the medical benefit therapies in this class.

For members continuing medical benefit therapies, we understand the importance of offering clinically appropriate, low-cost options for receipt of their care. We implemented several innovative strategies throughout 2020 to enhance our Site of Care Program and drive utilization to appropriate, lower-cost settings — resulting in over \$40M in savings.



For more insights: ingenio-rx.com



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