Specialty Spending Growth Continues

Now

- 70% Traditional
- 30% Specialty

In 5 Years

- 50% Traditional
- 50% Specialty
Top 10 Worldwide Drug Sales

2010

- **$76.5B**: Crestor® Cholesterol
- **$75.5B**: Herceptin® Oncology
- **$60.0B**: Diovan® Hypertension
- **$60.0B**: Lantus® Diabetes
- **$40.0B**: Humira® Arthritis
- **$40.0B**: Advair® Asthma
- **$40.0B**: Rituxan® Oncology
- **$40.0B**: Xopenex® Asthma
- **$35.0B**: Abilify® Antipsychotic
- **$35.0B**: Avastin® Oncology
- **$30.0B**: Enbrel® Arthritis
- **$30.0B**: Crestor® Cholesterol
- **$30.0B**: Rituxan® Oncology
- **$30.0B**: Remicade® Arthritis
- **$30.0B**: Remicade® Arthritis
- **$20.0B**: Plavix® Arterial thrombosis
- **$20.0B**: Remicade® Arthritis
- **$20.0B**: Enbrel® Arthritis
- **$20.0B**: Humira® Arthritis
- **$20.0B**: Lipitor® Cholesterol

2016E

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FDA New Drug Approvals

Source: U.S. Food and Drug Administration

Projected
Inflammatory Conditions
Biosimilar Savings Potential: Our Assumptions

• Introduced in 2015
• 30% Discount
• Slowing Specialty Inflation
• Modest Switching and No Interchangeability Until 2020
Biosimilar Savings Potential: The Results

Projected Sales:
- No Biosimilars
- With Biosimilars

$250 Billion Through 2024
Concerns

- Nomenclature
- State Substitution Laws

Solving for a system that tracks pharmaceuticals so pharmacies, providers and patients know the products they are taking.

Implements Access
Creates Savings
The Entire Marketplace Solution

- The National Council on Prescription Drug Programs
  - A multi-stakeholder forum for developing ANSI-accredited standards for electronic exchange of healthcare information

- Current (D.O.) telecommunication standards include the following required fields for each claim:

  ✓ BIN Number
  ✓ Version/Release Number
  ✓ Transaction Code
  ✓ Processor Control Number
  ✓ Transaction Count
  ✓ Service Provider ID
  ✓ Date of Service
  ✓ Software Vendor/Cert ID
  ✓ Cardholder ID
  ✓ Group ID
  ✓ Prescription Reference #
  ✓ NDC
  ✓ Prescriber ID
  ✓ (not a complete list)
Pharmacy Systems in Practice

- 259,040 claims
- 51,839 pharmacies
- 15 manufacturers
  - 80% of volume from 4 manufacturers

Source: Network claims across the Express Scripts enterprise, July 1–5, 2013
Pharmacy Systems in Practice

Somatropin

- 419 claims
  - 11 trade names
  - 1 INN
- 145 pharmacies
- 7 manufacturers

Source: Network claims across the Express Scripts enterprise, July 1–5, 2013
Pharmacy Systems in Practice

Epoetin Alfa

- 333 claims
- 285 pharmacies
- 2 manufacturers

Source: Network claims across the Express Scripts enterprise, July 1–5, 2013
Key Takeaways

1. Payers and plan sponsors are very concerned about rising & unsustainable Specialty Rx cost

2. The high price of Specialty drugs is a barrier to patient access

3. A successful biosimilars pathway requires broad stakeholder cooperation

4. PBMs will play a crucial role in biosimilars uptake and surveillance