Lockton Pharmacy

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Newsletter

This Quarter's Articles

Diabetes: What's driving non-specialty trend?

By Matt Jarvis, PharmD

Gene Therapies: Looking Back and Looking Ahead

By Robert J. Kordella, RPh, MBA

Diabetes: What's driving non-specialty trend?

As specialty pharmacy continues to outpace other healthcare benefits spend, the question must remain, "What else is impacting pharmacy?" The silent assassin may very well be diabetes therapies. Diabetes exacts a high cost to the healthcare system in terms of cardiovascular disease, kidney disease, and the sheer cost of glucose-lowering medications. Estimates show the economic cost of glucose-lowering drugs from 2015-2017 was $57.6 billion per year (15% to 20% of the estimated annual cost of all prescription drugs in the U.S.)1. That is a 240% increase in spending compared with 2005-2007 ($16.9 billion per year)1. Much of this is due to newer classes of medication on the market focused on decreasing the risk of major adverse cardiovascular events, hospitalizations for heart failure, and the progression of kidney disease for type 2 diabetes.

Over the past several years, we've seen a shift in utilization from older generic medications such as metformin and sulfonylureas to control blood glucose levels to newer brand-only classes like Farxiga (SGLT-2 inhibitors) and Ozempic (GLP-1 agonists) due to reduced side effects, less risk of low blood sugar, and better clinical evidence of improved outcomes. The manufacturer commercials have also impacted higher utilization in these classes. According to Fierce Pharma, two of the top 10 advertised drugs in 2020 were diabetes drugs — specifically Ozempic and Trulicity. This is evidenced by a 1,730% increase in spending on newer classes of diabetes drugs like Ozempic and a relative decrease (80% reduction) in spending on older generic drugs over the same decade above[1]. Look at your pharmacy top 10 drug spend; chances are, diabetes drugs in one of these classes are tracking close to the top.

According to Lockton data, clients have seen a 26% increase in utilization between these two classes of diabetes medications between 2020 and 2021. Those increases in utilization have driven an increase in net plan costs in diabetes spend of 36% in 2021.

SGLT-2 inhibitors (sodium-glucose cotransporter-2 inhibitors) are a newer class of oral medications used to treat high blood glucose levels in type 2 diabetics. These drugs work to prevent reabsorption of glucose back into the bloodstream, and as a result, push more glucose to be excreted from the body. They've been shown to lower A1C levels, increase weight loss and lower blood pressure. A big advantage in diabetes is they also have a very low risk of hypoglycemia (low blood glucose). Four medications are currently on the market in this class including Jardiance, Invokana, Farxiga and Steglatro. Annual costs of SGLT-2 inhibitors are approximately $6,000 per patient. Interestingly enough, this class of medications has new indications outside of just type 2 diabetes. Farxiga, for example, can now be used to reduce the risk of cardiovascular death and hospitalization in patients with symptomatic heart failure. A new use outside of diabetes will also impact increasing utilization of these drugs in the future.

GLP-1 agonists are a newer class of medications that work to stimulate insulin secretion as well as inhibit glucagon secretion working to lower blood glucose levels in type 2 diabetics. GLP-1 medications like Ozempic also slow stomach emptying, which reduces glucose absorption and increases satiety (meaning you feel fuller more quickly). Both items also contribute to its additional weight loss properties. Seven drugs are available in this class of medication, both in oral and injectable forms. Some injectables are daily while others offer the benefit of once-weekly injections. Annual costs of GLP-1 medications are approximately $10,680 per patient. We've also seen newer medications developed out of the GLP-1 class like Saxenda and Wegovy, which now are fully marketed only as weight loss medications, leveraging the strong weight loss impact the class has shown in the diabetic population.

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Diabetes: What's driving non-specialty trend?

With more than 34 million Americans currently diagnosed with diabetes and an estimated 88 million Americans being prediabetic, the importance of how we manage diabetes treatments and outcomes will have large effects on pharmacy trend now and even more so in the future. Diabetes medications are now dominated by brand-name drugs for which we don't expect to see strong generic competition until late 2025 in both the SGLT-2 and GLP-1 classes[2]. Understanding how carrier and PBM solutions are impacting gaps in care and managing diabetic patients to A1C goals will have a direct impact to the plan sponsor's bottom line. Asking the right questions and understanding prevention of populations at risk for diabetes (prediabetics) will be key. Ensure your pharmacy benefit relies on proper utilization management strategies like step therapy and prior authorization to prevent medications like Ozempic from being utilized as a first-line treatment, and ensure proper guidelines are being met so those diabetic patients most likely to benefit are reaping better outcomes.

Lockton can help plan sponsors understand the impact diabetes is currently having, and evaluate strategies to mitigate and control this growing area of pharmacy spend.

Matt Jarvis, PharmD
Vice President, Pharmacy Practice Leader

As Unit Leader of Pharmacy Benefits, Matt's focus is to ensure his team meets client expectations and has developed strategies for employers and health plans to efficiently manage their pharmacy benefit while improving the health of their population.

Matt has more than eight years' experience in pharmacy benefit management and is a highly experienced pharmacy marketplace expert motivated by helping clients and their population improve how they consume healthcare. He has a proven track record in specialty and retail pharmacy operations and has led high-performance pharmacy teams that focused solely on improving the lives of patients. Continuing the strategy of simplifying pharmacy, he connects the dots between pharmacy and populations and works to solve some of the most complex problems in healthcare, creating a more informed consumer and helping that consumer along their pharmacy journey.

Matt is a subject matter expert in understanding current pharmacy market pricing as it relates to the supply chain and medication delivery to the consumer. He has a unique perspective in how effective plan designs/formularies/pricing strategies impact the consumer and developing ways to pull through those strategies to limit disruption and maximize savings.

References:

1. Simeon I. Taylor. (2020). The High Cost of Diabetes Drugs: Disparate Impact on the Most Vulnerable Patients. *Diabetes Care*, 2020:43:2330-2332. https://doi.org/10.2337/dci20-0039
2. Diabetes: SGLT-2 & GLP-1 Management. (2020, August 24). Retrieved from http://secure.ipdanalytics.com/user/pharma/rxstrategy/page/d1b2b17d-b9e3-40af-80c6-ae2cdd3de315

Gene Therapies: Looking Back and Looking Ahead

The pace of change in the pharmacy benefits world is such that we always seem to be heading off in pursuit of the next greatest innovation, but rarely do we take the opportunity to pause and revisit issues once they fade from the headlines and urgency of the moment. Such is the case with gene therapies, generally, and Zolgensma specifically.

When Zolgensma launched (along with its $2.125 million price tag back in May 2019), one of the biggest open questions was if the treatment would be durable. Said another way, since the seven-figure price was set and justified on the basis of Zolgensma providing an implied lifelong cure, has evidence of a cure emerged? What has happened to patients who have been receiving Zolgensma for the past two years (or longer if they participated in Zolgensma's clinical trials), and what are the implications of the Zolgensma experience to-date for the several gene therapies in the pipeline?

Recall that spinal muscular atrophy (SMA), the genetic disorder that Zolgensma addresses, affects approximately 1 in 11,000 babies, and that about 1 in 50 Americans is a genetic carrier for the disorder. SMA is a genetic disease that causes the progressive loss of muscle function, eventually resulting, if left untreated, in a child's inability to move, swallow and breathe. Until recently, most children diagnosed with the most severe form of SMA died before the age of 2.

Recent experience with Zolgensma is showing a wide range of results, all of which raise the bar on survival past the age of 2, but not all of which can be classified as SMA being cured. While some kids who have received Zolgensma still can't swallow and continue to require feeding tubes and suction machines, others can run around and go to school. It seems that the earlier Zolgensma is administered following the SMA diagnosis, the more beneficial the treatment is. While currently approved only for children under age 2, Zolgensma is being studied in older patients who may have less severe, later-emerging forms of SMA.

As a result of this wide variation in response, the use of the word "cure" in association with Zolgensma is waning, but its pricing hasn't been reduced in the two years since it launched. Additionally, the two other treatments for SMA (Spinraza and Evrysdi) remain available as alternatives to Zolgensma. Spinraza is injected into a child's spinal fluid every four months, while Evrysdi is an oral treatment administered every day. It's easy to see how multiple SMA treatments for the same patient can multiply the costs for payers beyond the sticker shock associated with Zolgensma's seven-figure price, but there is no clinical data that show that trying multiple SMA treatments provides benefits beyond Zolgensma alone.

It is only with the passage of time that we will be able to collect and accumulate data that will document the range and extent of patient responses to Zolgensma over the years. It is clear to say today, though, that the notion of Zolgensma being a $2.125 million universal, durable "cure" for SMA was an overly optimistic expectation back in 2019.

What does the future hold for gene therapies? There are five new gene therapies with the FDA's Breakthrough Therapy designation projected to be approved in 2022 alone. They treat rare diseases ranging from bladder cancer to hemophilia A and hemophilia B. All will be expected to come to market with at least high six-figure price tags, but whether any or all of them will be universal, durable "cures" remains an open question. Presumably based on experience with Zolgensma, the FDA is asking further durability questions as part of the approval process (for instance, it delayed the approval decision of the pending hemophilia A gene therapy by two years in order for the manufacturer to collect additional evidence of the treatment's durability over time) and has required additional studies for other therapies currently under review.

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Gene Therapies: Looking Back and Looking Ahead

Prudence dictates that our real-world experience with Zolgensma to-date ought to temper expectations for the magnitude of future gene therapies' clinical benefits, and ought to rein in manufacturer assumptions for lifelong benefits that get baked into gene therapy pricing.

Robert J. Kordella, RPh, MBA
Chief Clinical Officer

Bob has more than 35 years of diverse experience in the pharmacy industry. Over the course of his career, Bob has led clinical and PBM operations teams in successfully managing more than $4 billion in annual drug spend. This was also while limiting per-member-per-year spending growth to levels that have simultaneously drawn industry acclaim and consistently high levels of member and payer satisfaction.