

Specialty Pharmacy Solutions - **Client Alert** - Postscript on ESI Annual Trend Report ©
April 17, 2014

Earlier this month our **Client Alert** discussed the recently released ESI Annual Drug Trend report. As we sift through it there will be some postscripts worth mentioning.

1. The report indicated that just over 1% of all prescriptions filled in 2013 by ESI were specialty pharmacy products.

We hear all kinds of numbers in specialty pharmacy and this one caught our eye. Since ESI is so large in specialty pharmacy we thought that number was a bit low, so we made some inquiries.

Here's what we found----

Other PBMs actually have similar proportional specialty pharmacy numbers that range at or actually a bit under 1%.

When digging further some reasons become clear....

- a. What does the PBM define as specialty -- *what products are in 'their' bucket?*
- b. The number of generic traditional Rx's has skyrocketed in recent years..... *so that further pulls down the percentage of specialty pharmacy scripts.*
- c. PBMs offer discount card programs.... *and those scripts are included too.*
- d. Medicaid programs have grown over the past year and include a disproportionate number of younger beneficiaries -- *they have a lower demand rate for specialty pharmacy products.*

So, the following statistics are defensible when talking about specialty pharmacy with payers and manufacturers.....

- a. **Approximately 3% of all patients have chronic illness, or conditions for which specialty pharmacy products may be appropriate to prescribe (per CDC).**
 - b. **Approximately 1% of all prescriptions are for specialty pharmacy products (so ~1/3 of the chronic population is on active therapy).**
 - c. **That 1% of patients now represents upwards ~40% of all drug spend in the US (with the trend indicating it will top 50% of total spend within the next several years according to IMS and the just released CVS Annual Drug Trend Report).**
- The report also referenced that overall drug trend (traditional and specialty pharmacy) was 5.4% in 2013, higher than in previous years.
 - The 2013 numbers reflected a near flat traditional drug trend coupled with a 14.1% specialty pharmacy trend.
 - Recall, however, in our earlier **Client Alert** the Top 7 specialty pharmacy therapeutic categories, representing 80% of all specialty pharmacy spend, came in at a robust 20% trend.