



The Drug Trend Report

2021 Cost Savings Data





About This Report

Trend Methodology

The following cost savings data have been updated to reflect full year 2021:

- Overall drug trend and specialty drug trend
- Percent of clients with negative drug trend
- Percent of clients with less than 10% drug trend in 2021, and in the past two years
- Percent of clients with negative specialty drug trend
- Percent of clients with less than 10% specialty drug trend in 2021, and in the past two years

The remainder of the insights featured in the report align to data shared on February 24, 2022, reflecting year-to-date Q3 2021.

This report provides an overview of performance for commercial clients of CVS Health's pharmacy benefits manager (PBM). Data were calculated on a cohort of 1,014 PBM clients—employers and health plans—covering approximately 22 million lives. The cohort is built only on clients under our management throughout all of 2020 and 2021, excluding commercial clients with eligibility shifts exceeding 20 percent, as well as clients contractually prohibiting use of plan data. Prescription drug trend is the measure of growth in prescription spending per member per month. Unless otherwise noted, reported data are net of negotiated pricing, rebates and manufacturer discounts. Except where noted, all trend data in this report omits the unavoidable impact of [administering COVID-19 vaccines](#) due to their outsized impact on overall trend.

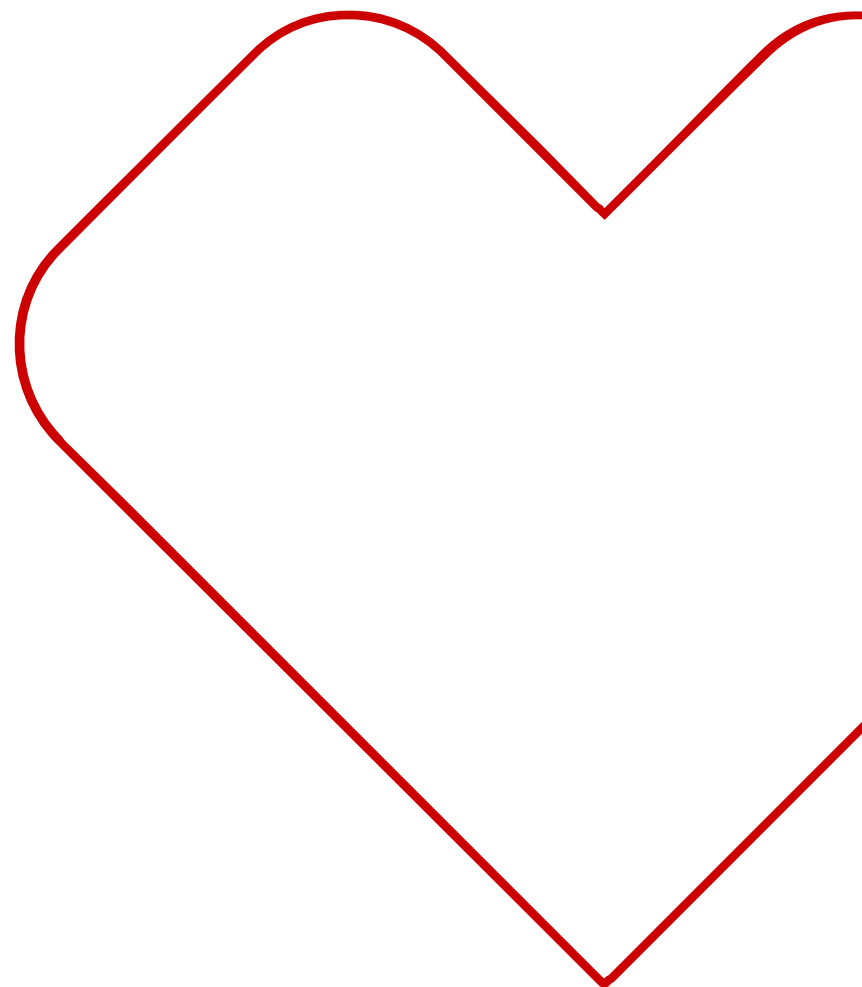


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Overall Drug Trend

We've delivered single-digit trend for five years running – fueled by constant innovation on behalf of our clients. We use every tool possible to achieve the lowest net cost in every category, create the best savings and guarantee the highest clinical integrity. In 2021, we continued this work, delivering low trend amid another extraordinary year in health care, while building a foundation for savings sustainability.

3.6%

Overall Drug Trend In 2021

[See Trend Methodology](#)

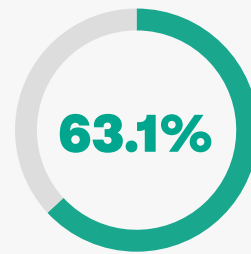
35.2%

of Clients Had Negative Trend In 2021

We Partner with Clients to Consistently Lower Trend In 2021



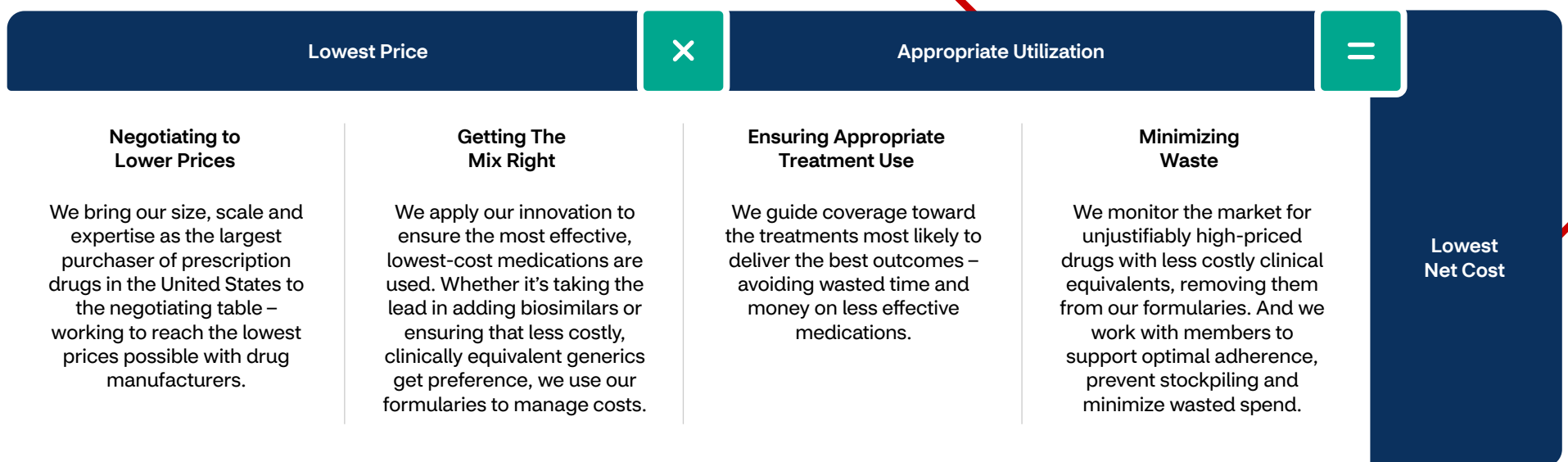
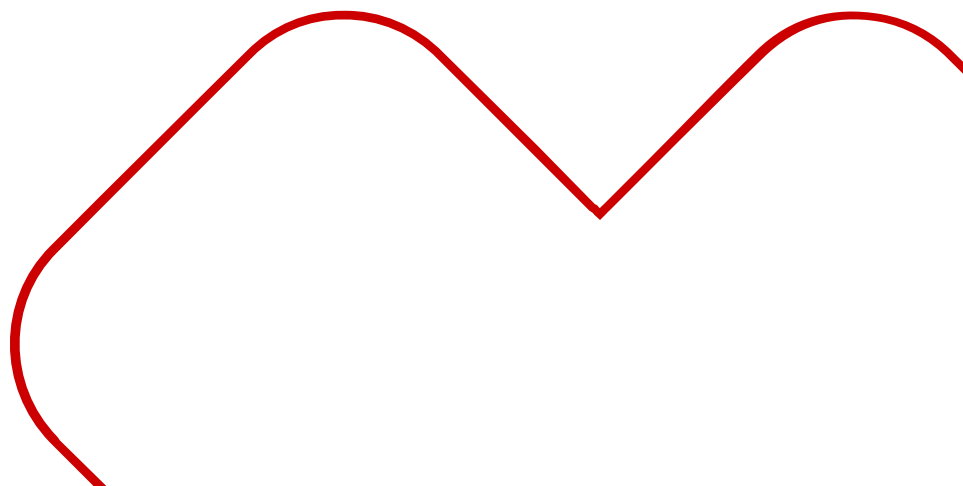
80.5% of Clients Had Less Than 10% Trend



63.1% of Clients Had Less Than 10% Trend 2 Years Running

Clinical Integrity and Best Practices Drive Our Approach

Our approach begins with the latest clinical research, guidelines and best practices – and our formulary decisions are managed by a committee of independent, unaffiliated clinical pharmacists and physicians. Across every therapeutic category, we strive to achieve the lowest net cost for our clients and their plan members. Getting there means managing the two fundamental forces behind drug spending: price and utilization.





Industry-Low Specialty Drug Trend – Without Compromises

Impressive

6.7%

Specialty Drug Trend in 2021

[See Trend Methodology](#)

33.7%

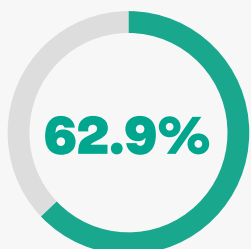
of Clients Had Negative Specialty Trend in 2021

Specialty medications continue to be the single largest driver of drug spending – and we know there is no single solution for managing costs. That’s why we apply every lever possible to tackle this challenge:

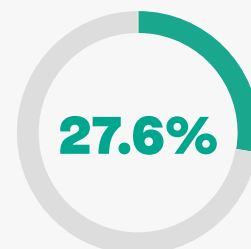
- ✓ Use our purchasing power to negotiate with manufacturers
- ✓ Optimize utilization of critical, but costly, drugs
- ✓ Pay close attention to the latest clinical best practices
- ✓ Find reliable ways to reduce waste
- ✓ Partner with clients to try new, innovative solutions that save costs while ensuring coverage

This year, we delivered an industry-low specialty drug trend by using all these tools. We achieved this impressive trend while maintaining clinical integrity, avoiding disruption and satisfying the needs of plan members who rely on critical specialty medications.

Specialty Medications Drove 54% of Overall Drug Spending In 2021



62.9% of Clients Had Less Than 10% Specialty Trend



27.6% of Clients Had Less Than 10% Specialty Trend 2 Years Running

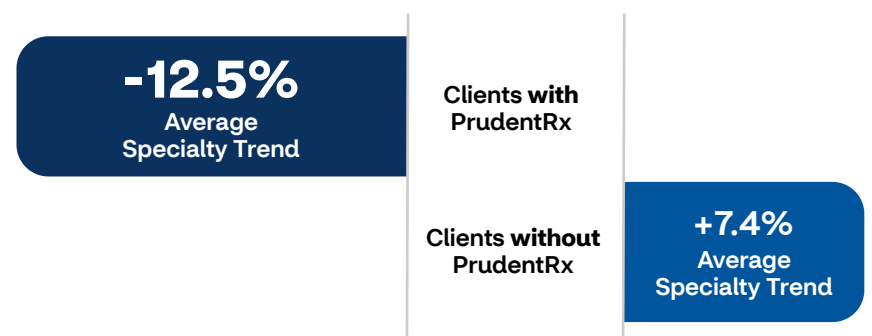


Specialty Generic Dispensing Rate Reached 22% Delivering Nearly \$600 Million in Savings For Clients and Plan Members

New Program Delivers Trend Difference

[PrudentRx](#), a specialty program introduced to clients in 2020 and adopted by many for the 2021 plan year, prevents manufacturer copay assistance programs from circumventing a payor’s plan design, saving money for our clients. The results are significant, delivering an average double-digit negative trend for those who opted in.

The PrudentRx Effect



Digital Connectivity Continues to Power Savings

Our investments in digital infrastructure and electronic health record (EHR) interoperability help us better engage specialty members and their providers throughout the duration of therapy. Digital connectivity continues to realize opportunities to lower costs and, importantly, improve care.

These close connections with members are foundational, allowing us to impact behaviors and create better outcomes. We can collect information to optimize member treatment plans and drug management, eliminate wasteful spending and reduce the chance of adverse events.

~92%

of Patients Actively Enrolled in Interactive Digital Communications

We connect directly with members to help support adherence, answer questions and take proactive steps that keep them engaged with their own health journey.

We Are Directly Connected to

75%

of Specialty Patients' EHRs

Our connectivity gives us access to the most pertinent patient information so that we can validate treatment without need for additional prescriber outreach, ensuring members start therapy with certainty.

~\$3,000

Saved Per Effective Clinical Intervention*

We intelligently monitor medication use, engaging proactively with specialty patients to confirm that treatments work as hoped, assess possible side effects and intervene appropriately when a patient may no longer be benefiting from a specific therapy.

~\$2,300

Saved Per Targeted Specialty Patient Through Successful Interventions Managing Excess Supply**

Specialty drug regimens can be complex – and despite best efforts, many people do not fully comply with their treatment plans. We use our digital tools to confirm how much medication a patient should have on hand to help avoid unintended drug accumulation.

*CVS Specialty patients only.

**Supply Management Optimization is a specialty pharmacy service performed by CVS Specialty pharmacy for members of select contracted PBM and CVS Specialty standalone payor clients who fill specialty prescriptions through CVS Specialty and is included as a core service in the payor agreement.



The Era of Biosimilars is Here

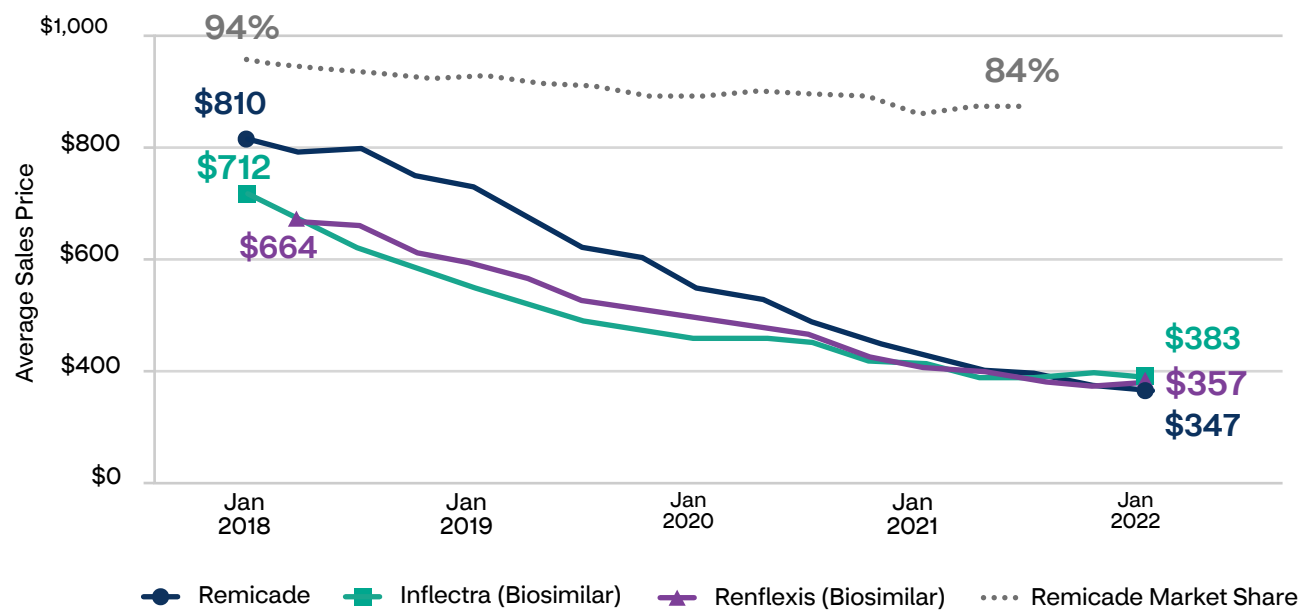
With some biosimilars on the market and more on the way, we expect – and are prepared for – a meaningful impact on specialty drug trend. With biosimilars, as with all medications, our lowest net cost strategy applies. This means we’ll choose whatever is the lowest net cost option for the plan, which could be a biosimilar or a reference branded product.

Why Biosimilars Matter to Specialty Costs

Increased competition in the drug marketplace is key to making costly drugs more affordable – and we’re taking an active role in ensuring that competition helps solve the challenge of specialty drugs. Whether the biosimilar product or its reference branded product represent the lowest net cost option, our goal is to ensure that the competition provided by biosimilars lowers costs wherever possible.

The Introduction of Infliximab Biosimilars for Remicade Have Driven Down Its Price by More Than 50% in Just 5 Years

Infliximab Average Sales Price (ASP) Evolution from 2018-2022



Note: ASP values published by CMS lag behind the market ASP by two quarters (e.g. ASP guidelines published in July 2018 reflect the actual sales Q1-2018). Source: CMS Reported ASP/100 mg vial.

The Biosimilar State of Play

Since 2015, **32** biosimilars have been approved
with **14*** expected in 2022

But of the 32 approved biosimilars, **21** only are currently on the market, covering 10 different drugs

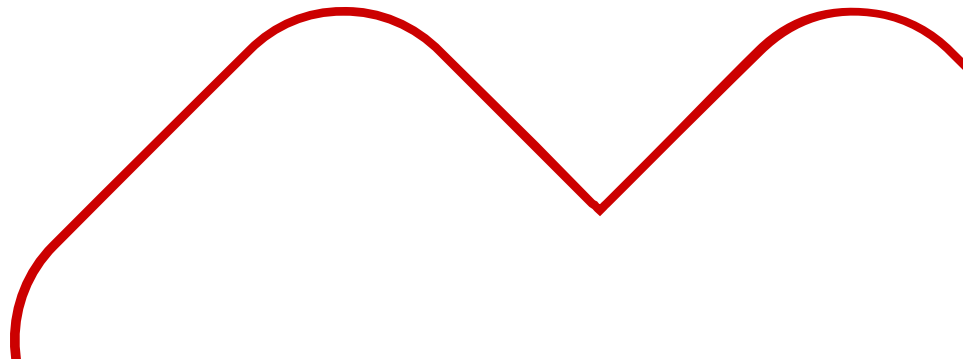
Of the 11 biosimilars that are approved and not yet available, the majority are for Humira and Enbrel and will not be available until 2023 and 2029 respectively.

*14 is a current estimate for 2022, and dependent on FDA responses as well as litigation/settlement outcomes.

Maximizing the Potential of Biosimilars

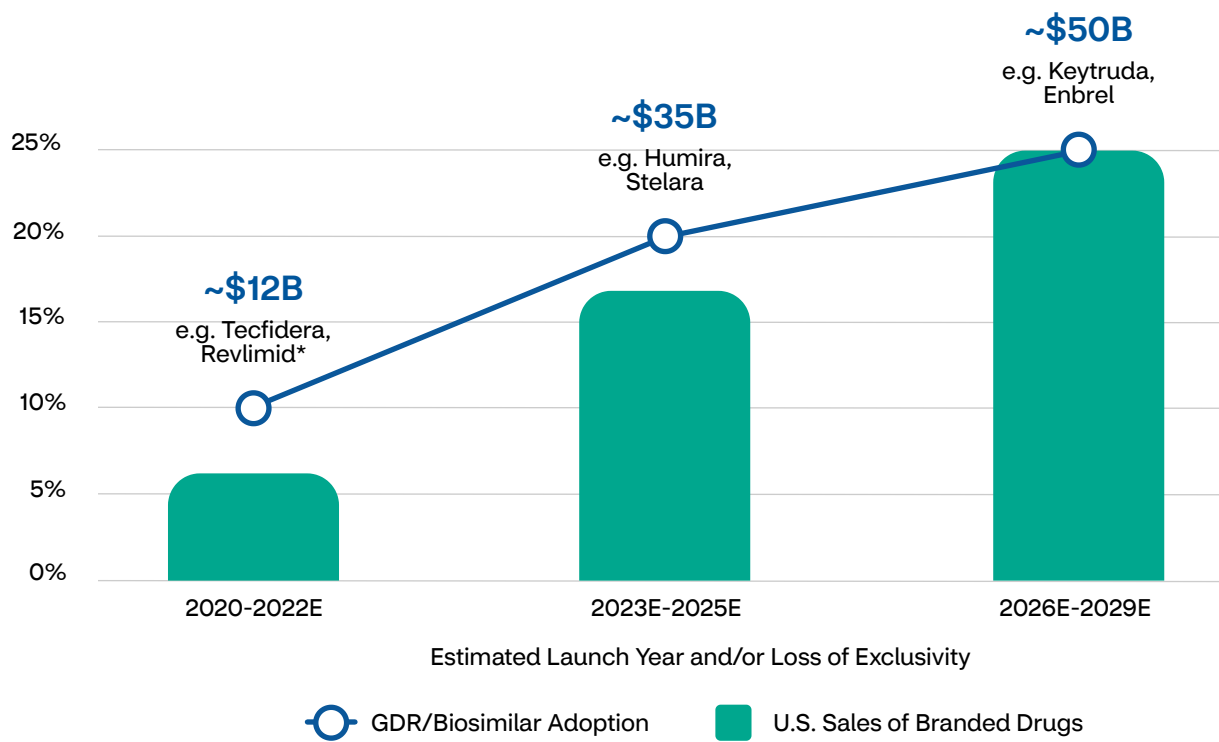
We're already in proactive discussions on how new biosimilar options coming to market may impact our clients in the future. Once approved, we conduct new-to-market product reviews and ongoing evaluations to stay abreast of this evolving marketplace given its potential, positive impact to drug spend.

As more specialty products lose marketing exclusivity over the next decade, the increase in both biosimilar and generic competition will have a material impact on the cost savings we can achieve for our clients.



Projected U.S. Market Impact of Generic/Biosimilar Competition on Top Specialty Branded Products

U.S. Market Sales, Illustrative Not Exhaustive



*Limited generic launch in 2022.

Note: Represents top branded specialty products only as defined by >\$2B in annual revenue in 2020. Estimated brand sales shown for the year prior to anticipated generic/biosimilar launch (up to 2026); additional generic/biosimilar products may launch during this time.

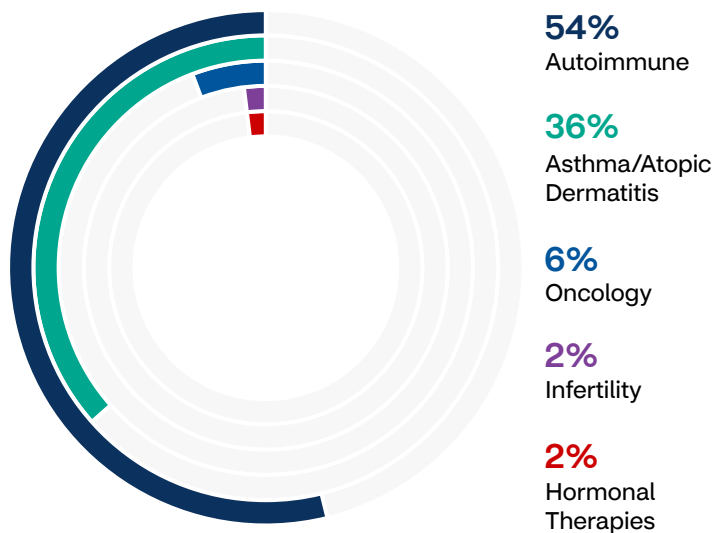


Drivers of Specialty and Non-Specialty Trend

Autoimmune Conditions Were the Greatest Contributor to Specialty Growth...

In 2021, specialty growth was largely driven by utilization increases of specialty treatments in certain categories, including autoimmune and asthma/atopic dermatitis. The increase in utilization was driven by new therapies and indications, as well as changes to guidelines for conditions like psoriasis and eczema that made more people eligible for treatment.

Autoimmune Treatments Accounted for More Than Half of All Specialty Utilization Trend



Growth of the Autoimmune and Asthma/Atopic Dermatitis Classes Largely Stemmed from Increased Utilization, Not Higher Prices

	Utilization Trend	Price Growth
Autoimmune	+8.8%	+0.9%
Asthma/Atopic Dermatitis	+34.6%	-3.8%

...But We Drove Significant Trend Reductions in Some Major Specialty Categories

-9.8%

Trend Year-Over-Year for Multiple Sclerosis (MS) Treatments

Contributors to the Decrease in MS Drug Trend:

New Generic Availability

In the last two years, three generic MS drugs entered the market creating new opportunities to optimize cost savings for our clients.

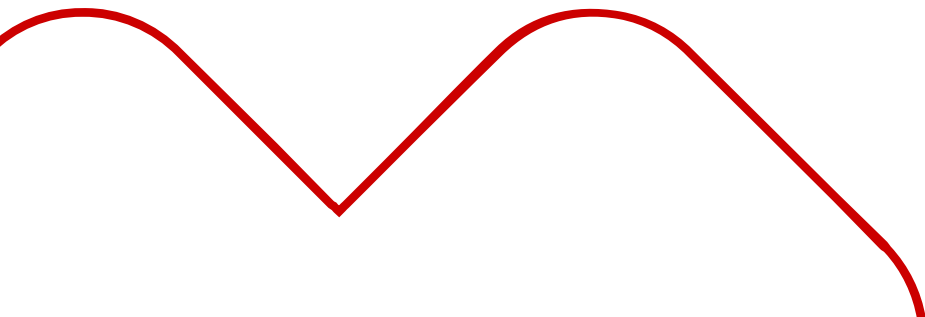
Optimized Supply

We ensured that more plan members were using clinically appropriate amounts of MS drugs reducing unnecessary drug spend without sacrificing clinical outcomes.

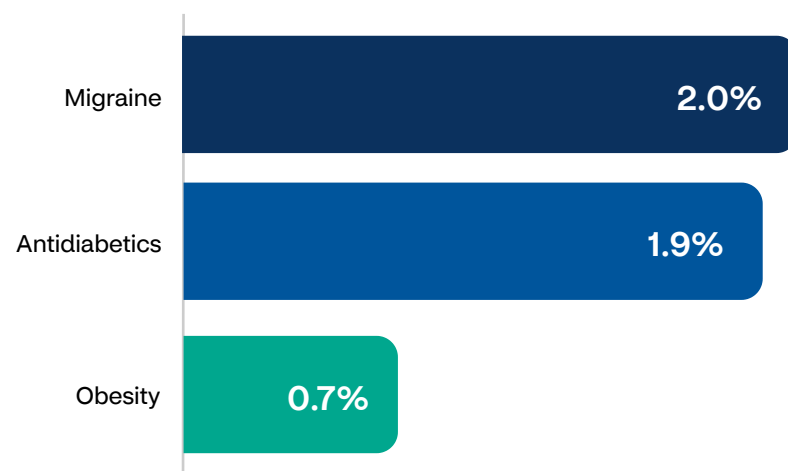


Migraine, Diabetes and Obesity Treatments Also Fueled Non-Specialty Trend

While overall non-specialty trend was negative, three classes were responsible for the majority of positive non-specialty trend, driven in part by newer treatments.



Contribution to Non-Specialty Trend



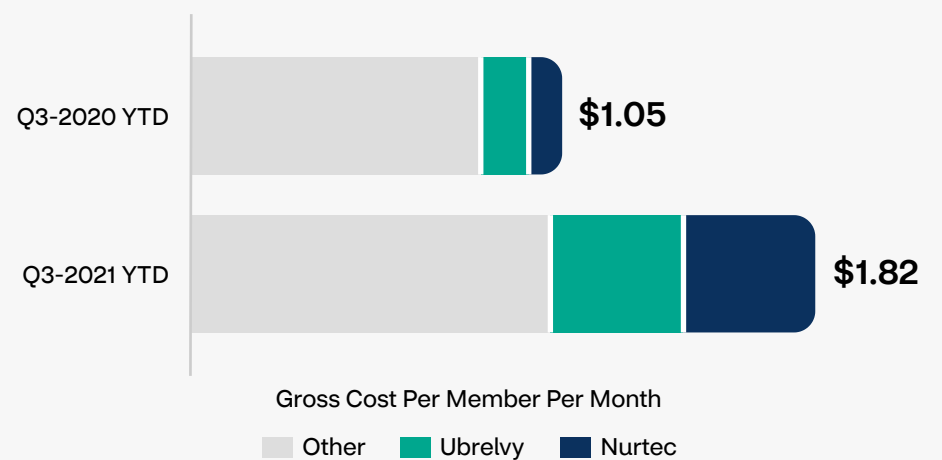
New Treatments Boosted Migraine Drug Utilization

Despite being a relatively common condition, migraines are still not well understood by physicians and researchers. In recent years, the treatment landscape for migraines has shifted with a class of drugs called anti-calcitonin gene-related peptide (CGRP) antagonists that provided life-changing relief for some patients. However, they were not effective for everyone.

New treatments in this group like Nurtec ODT (rimegepant) and Ubrovelvy (ubrogepant) have been shown to be more effective, safer and require less frequent administration than older alternatives. This means that they offer relief for more patients – leading to an increase in utilization.

We ensure our clients and their members have access to the best treatments while balancing treatment costs by using formularies and utilization management strategies to support clinically appropriate options at the lowest net cost.

Nurtec and Ubrovelvy Account for Nearly ¾ of All Gross Cost Growth in the CGRP Receptor Antagonist Migraine

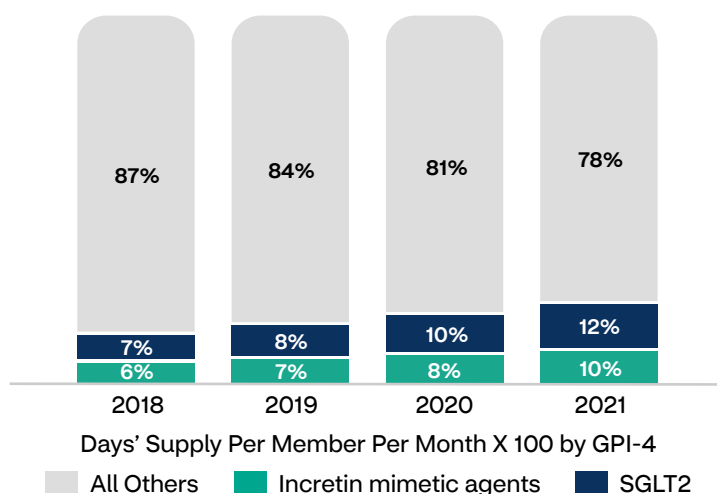


Newer Medication Classes Drove Nearly All Growth in Diabetes Treatments

The prevalence of diabetes means that it continues to have a significant impact on non-specialty trend. We continue to see growth in utilization of newer diabetes medication classes – incretin mimetic agents and SGLT2 inhibitors – that have shown they can effectively control diabetes and other comorbid conditions such as kidney disease, heart disease and heart failure.

Share of Incretin Mimetic Agents and SGLT2 Inhibitors Has Grown From ~13 to 22% of Days' Supply Over The Last 4 Years (by GPI-4 Class)

Utilization of Antidiabetic Medications



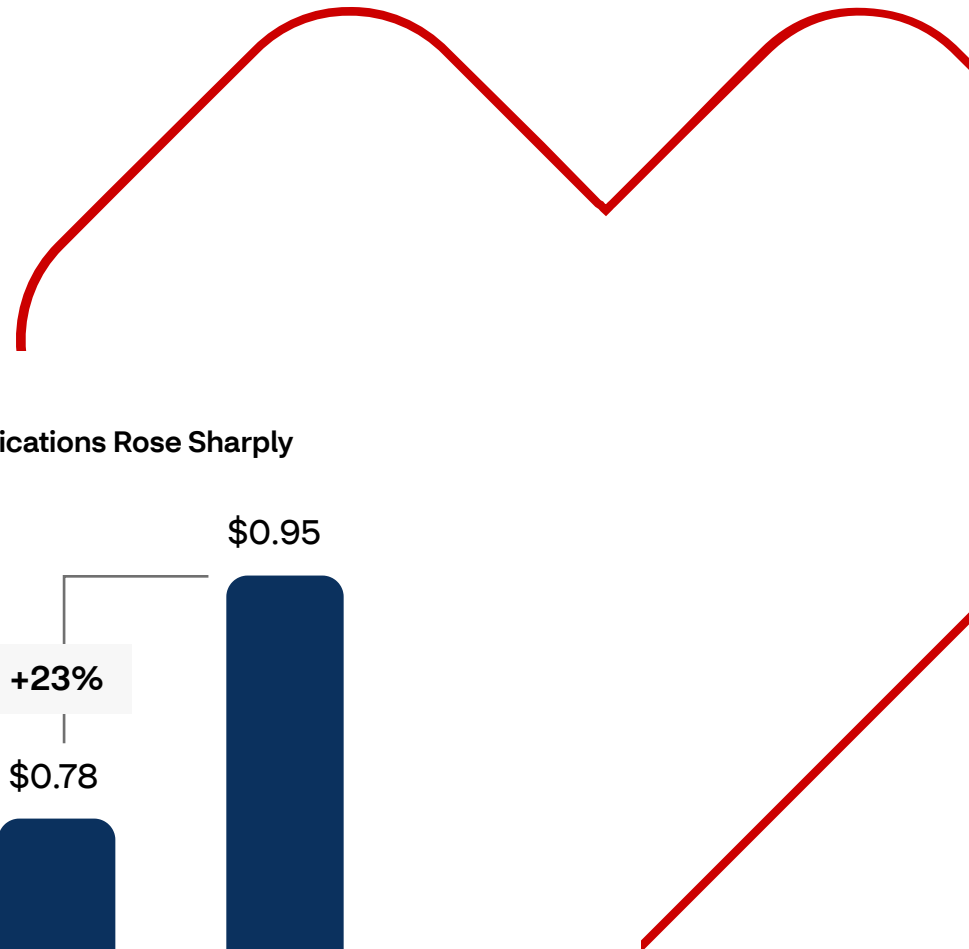
Because of these newer medication classes, new treatment guidelines were put in place recommending these treatments for type 2 diabetes patients, leading to this class taking away share from the older DPP-4 class of diabetes treatments. We expect that generics for some common diabetes treatments will be approved in 2022 and 2023, leading to lower costs in this category.

We also work with clients and their members to limit the impact of diabetes on cost and improve health through programs like [Pharmacy Advisor](#), designed to proactively intervene and improve adherence to chronic disease treatments, as well as nutrition support with our [point solutions management offerings](#), [CVS MinuteClinic Weight Loss Program](#) and [Nutrition Coaching and Services pilot program](#) at CVS HealthHUB locations in Phoenix, Arizona. By supporting better health and prevention today, we can lower the impact of chronic conditions like diabetes on drug spending and on member health.

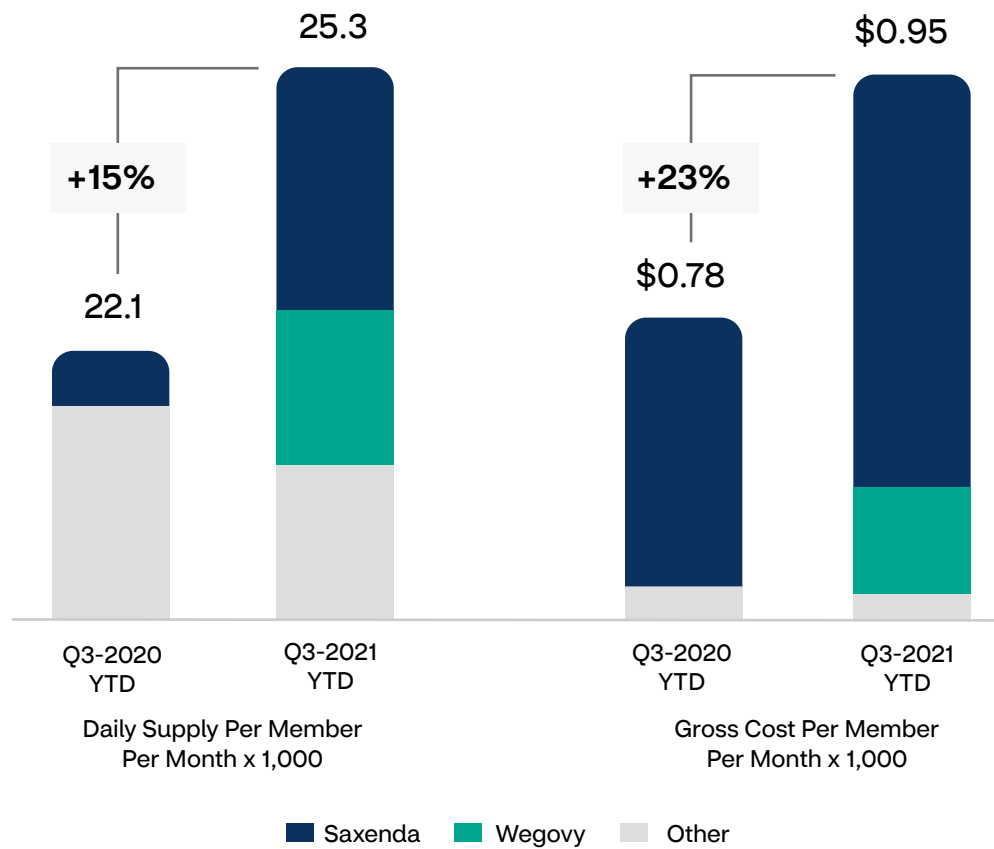
Note: 2018-2019 figures are obtained using the Q4 2019 commercial cohort, whereas 2020-2021 figures are obtained using the Q4 2021 YTD commercial cohort. Incretin Mimetic Agents. CVS Health Q4 '21 YTD Commercial Cohort, Non-Specialty Utilization, Jan 2020-Dec 2021, pre-discount. Source: PBM Analytics, January 2021.

Obesity Medication Trend Grew Rapidly

Rising levels of obesity in the United States, coupled with comorbidities, have driven interest in new treatments that can aid weight loss. Historically seen as a lifestyle challenge, medical professionals are re-evaluating how we look at and treat obesity given its proven links to chronic conditions like diabetes and heart disease.



Utilization and Cost of Anti-Obesity Medications Rose Sharply



This year, we saw a marked rise in trend due to drugs like Saxenda (liraglutide) and Wegovy (semaglutide) which showed the ability to help patients lose weight when combined with diet and exercise.

Currently, only about half of CVS Caremark clients cover weight loss medications – but clinical data is being collected on this class of medication. However, given the significant and numerous comorbidities associated with obesity, there is a clear benefit to health and to health care costs from weight loss. If clinical evidence shows that these drugs can help avoid the long-term complications associated with obesity and the health care costs they incur, this could lead to additional coverage in the future.

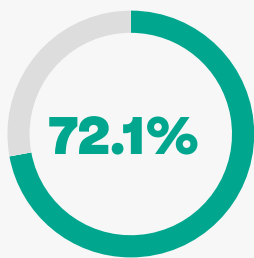


We Help Lower Costs for Plan Members

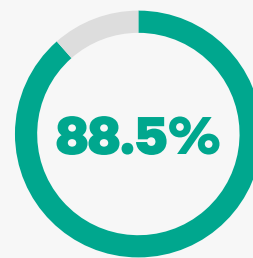
People are more likely to take their prescribed medications when they know they can afford them. We work with our clients to translate the savings we achieve for them into tangible savings for their members.

\$9.71

Average Member Out-of-Pocket (OOP) Per 30 Days' Supply

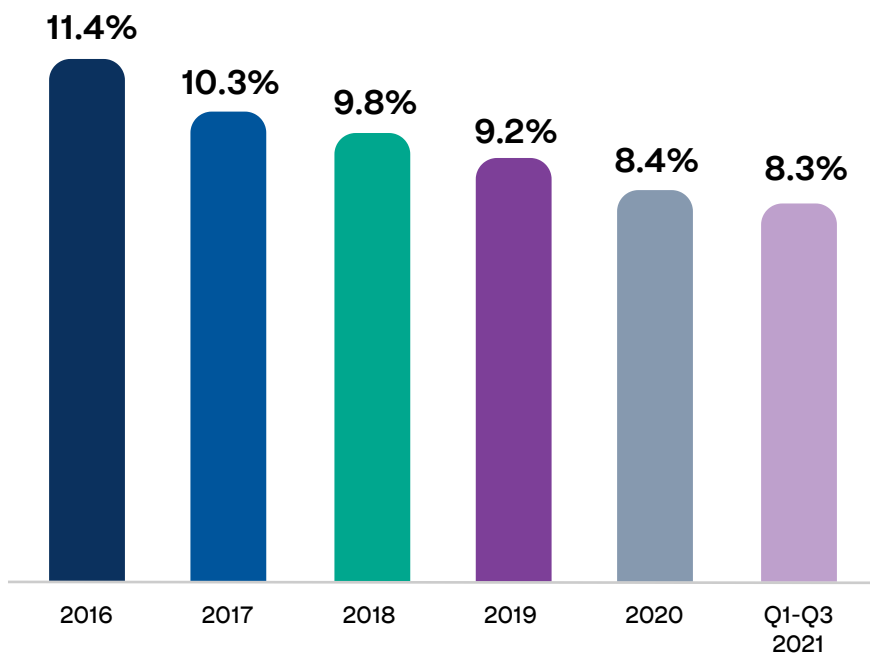


72.1% of Members Spent Less Than \$100 OOP



88.5% of Members Spent Less Than \$300 OOP

Member Cost Share Per Year



Despite Rising Drug Costs, We've Worked with Our Clients to Reduce Member Cost Share Each Year Since 2016

Passing Savings on to Members

We offer programs that enable our clients to lower their members' out-of-pocket costs.

\$32M

in PrudentRx Savings Passed to Members

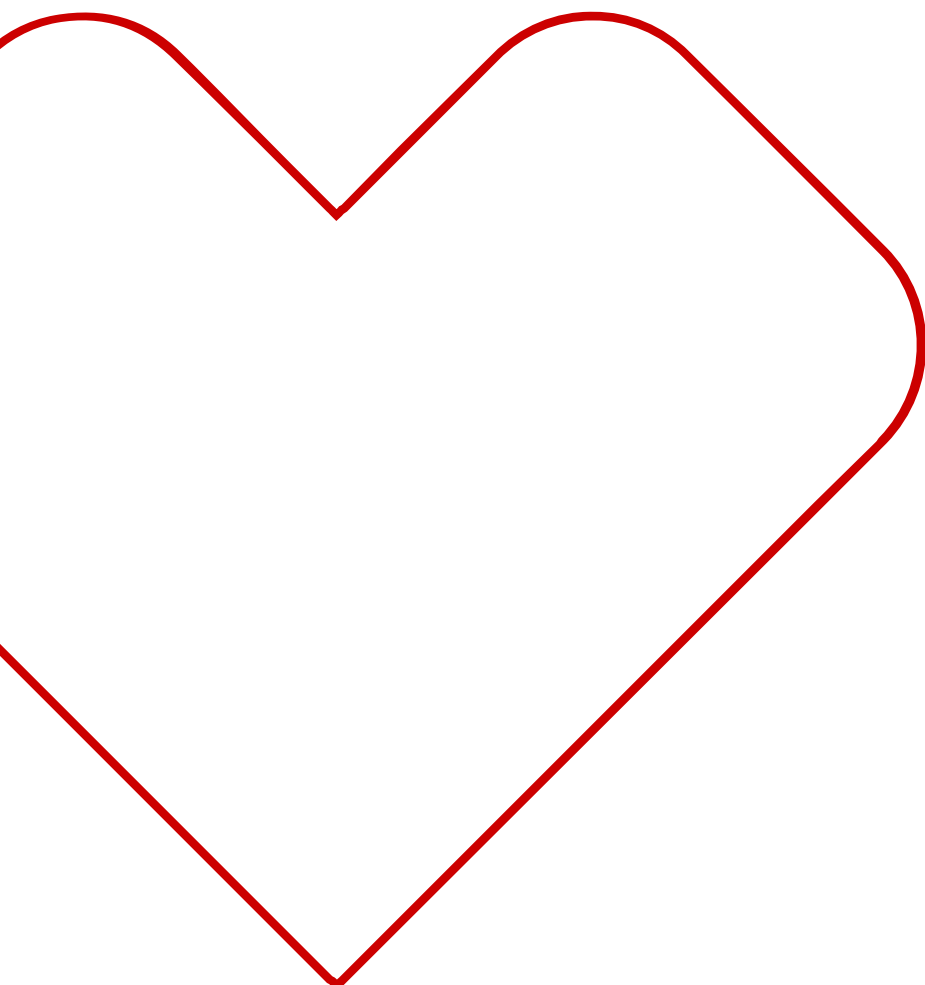
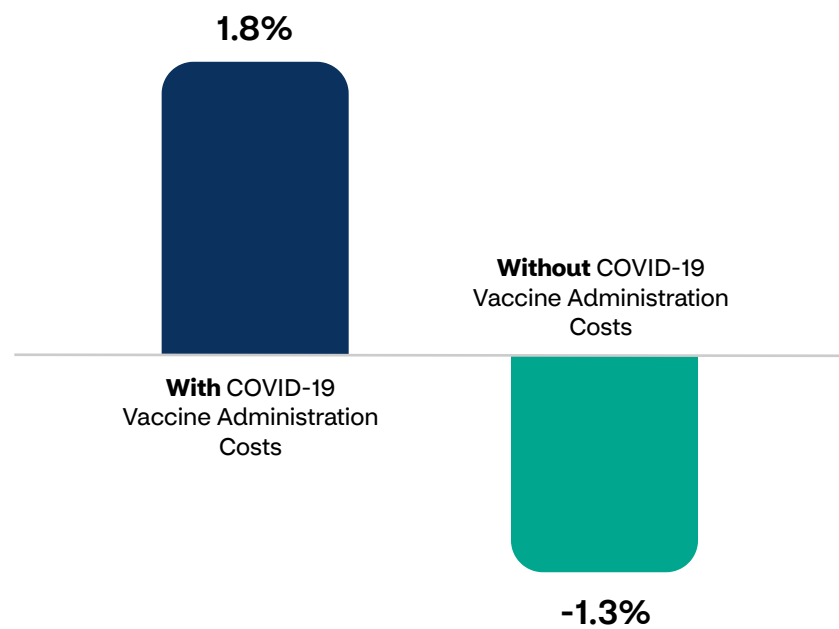


The Cost of Administering COVID-19 Vaccines

In 2021, hundreds of millions of Americans took the important step of vaccinating themselves against COVID-19. The cost of administering these vaccines had the largest impact on non-specialty trend growth this year. In 2022, vaccine administration costs will impact drug trend again, likely further compounded with actual costs of COVID-19 vaccines or treatments in the market. No matter what course the pandemic takes, we will work with our clients to find ways to help support COVID-19 vaccinations and alleviate the associated but necessary costs.

Throughout this report, we present our overall drug trend exclusive of these necessary – and unavoidable – drug costs but have included their effect on non-specialty trend here for transparency.

The Effect of COVID-19 Vaccines on Non-Specialty Trend



General Disclaimers

The source for data in this document is CVS Health Enterprise Analytics, unless otherwise noted.

Adherence and health outcome results, savings projections and performance ratings are based on CVS Caremark data. Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. Client-specific modeling available upon request.

CVS Health uses and shares data as allowed by applicable law, our agreements and our information firewall.

The 2022 trend cohort represents CVS Health commercial PBM clients – employer and health plans. Trend changes will vary based on a variety of factors, including demographics, plan design and programs adopted by the client.

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