

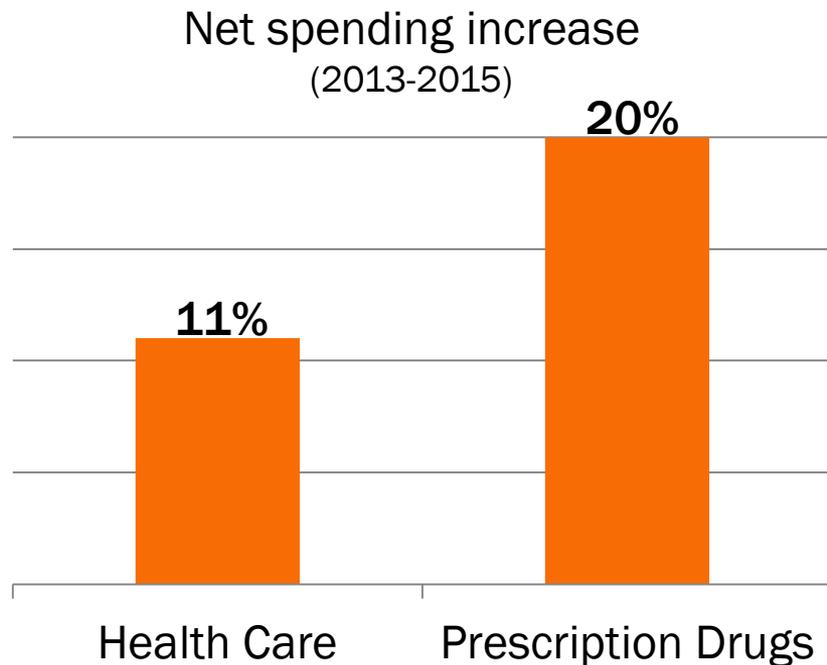


Prescription Drug Costs: What is likely moving forward

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Prescription drugs: A growing share of U.S. healthcare spend



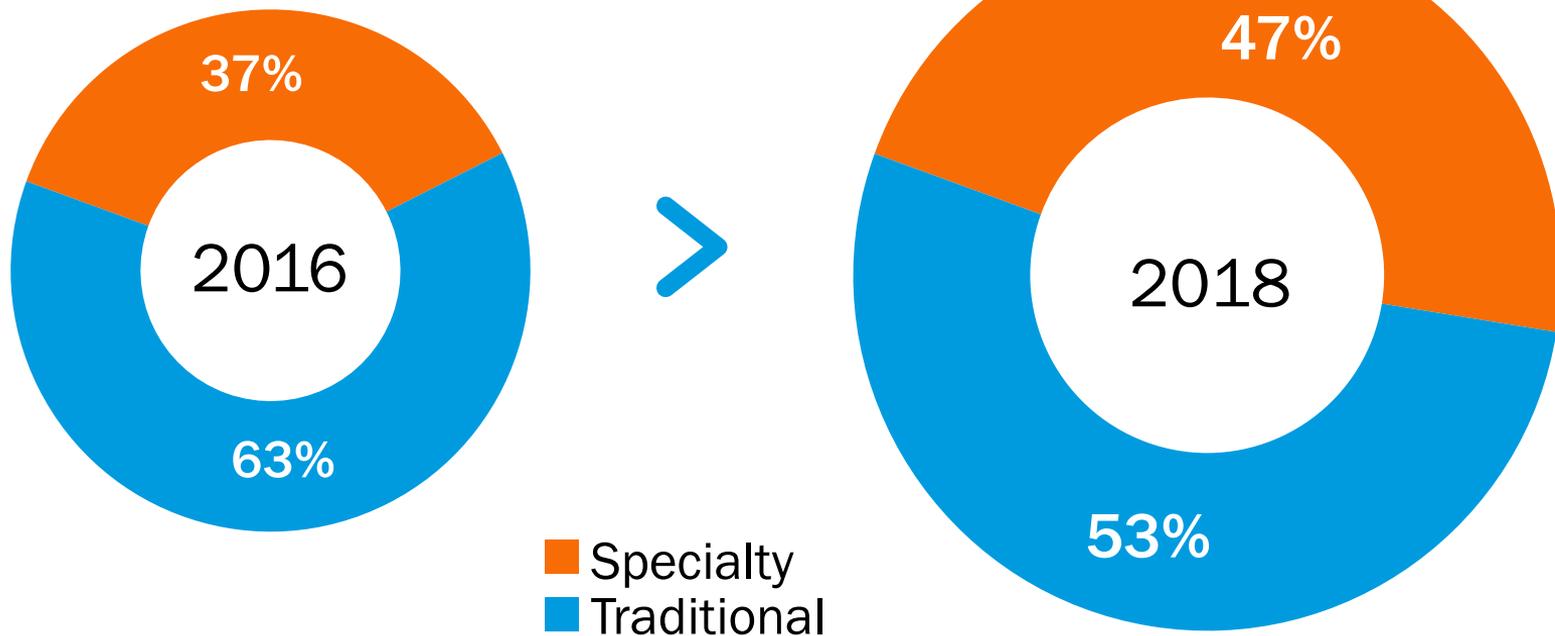
Source: *The High Cost of Prescription Drugs in the United States*,
A. Kesselheim M.D., et al, JAMA 2016; 316(8):858-871

Rx coverage constitutes

19%

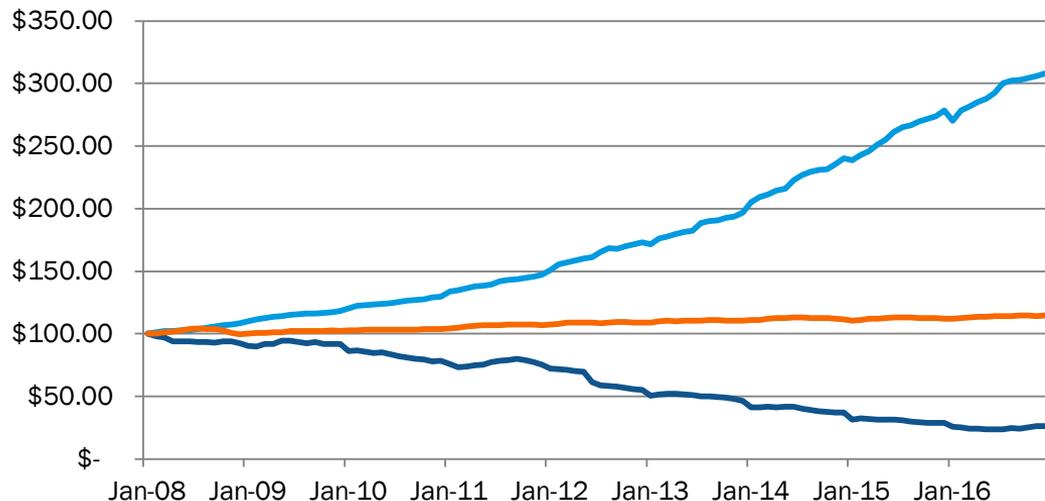
of employer-based
insurance benefits

Specialty Rx: Bigger piece of an increasing pie



Source: Express Scripts research

Brand Rx inflation growth is unsustainable



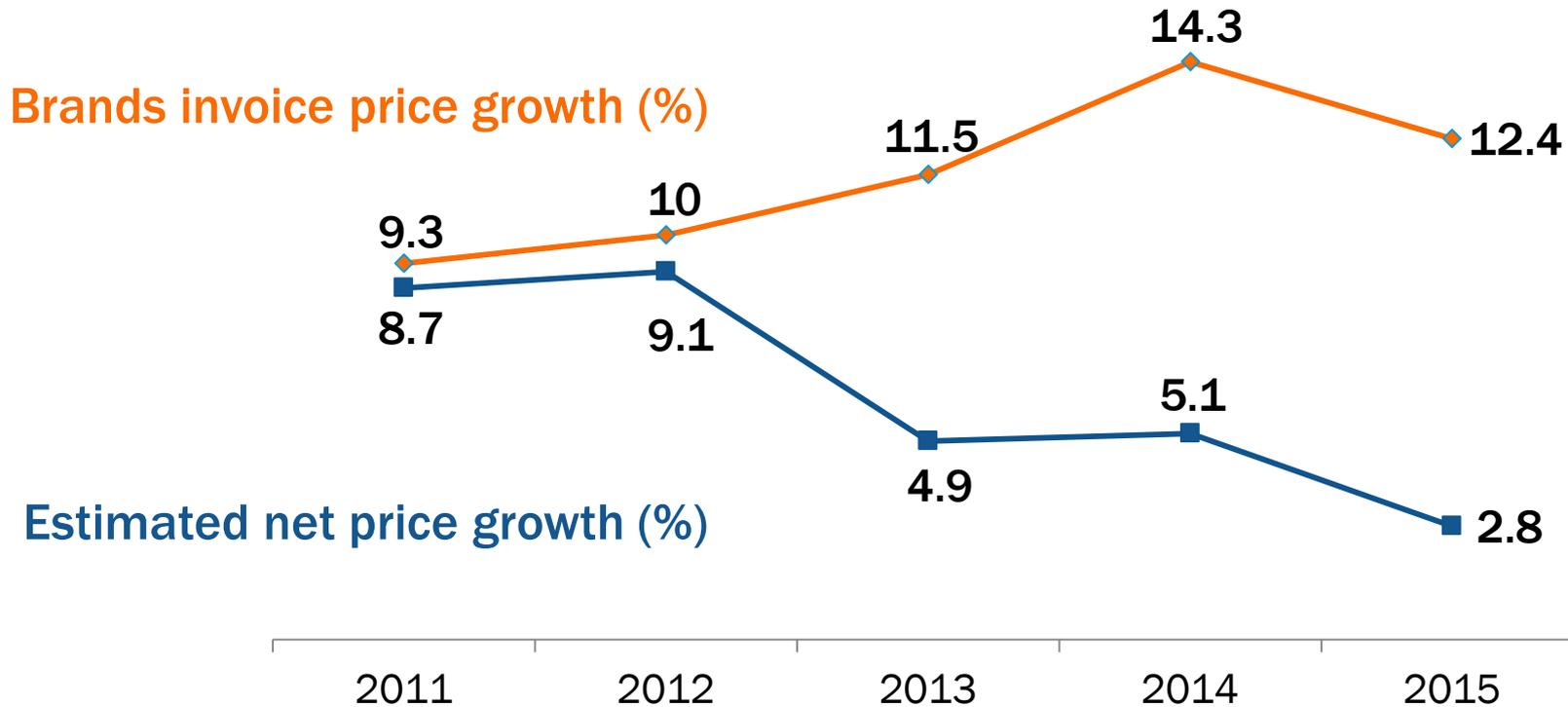
- Brand Prescription Price Index
- Consumer Price Index (BLS)
- Generic Prescription Price Index

Source: 2016 Drug Trend Report

208%

Increase in average price of brand medications since 2008

Gap grows between invoice and net Rx prices

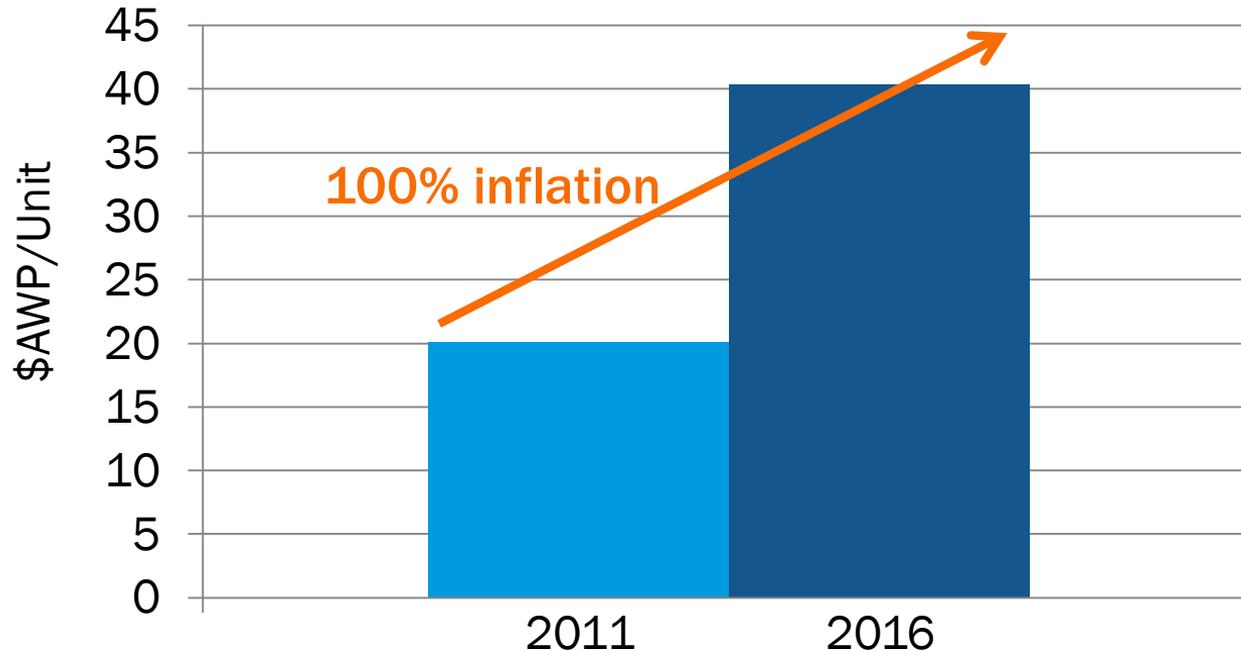


Source: IMS Health National Sales Perspectives, IMS Institute for Healthcare Informatics, March 2016.
Published on Drug Channels (DrugChannels.net) on April 19, 2016.

Drug makers, not rebates, raise prices

In five years, the AWP of oral oncology therapies doubled.

Only two of the drugs are rebated, and both are in the single digits.



Takeaways

1

Increasing drug spend is not sustainable

2

Crucial that we get a vigorous biosimilars market

3

Innovation in payment models is crucial

4

Going to require cooperation across the industry