



Health Cost Drivers Panel Discussion

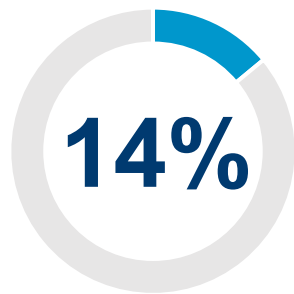
Kelly A. Ryan

Deputy Vice President, State Policy

February 3, 2023

Spending on Medicines Is a Small and Stable Share of Total Health Care Spending

Prescription medicines account for just

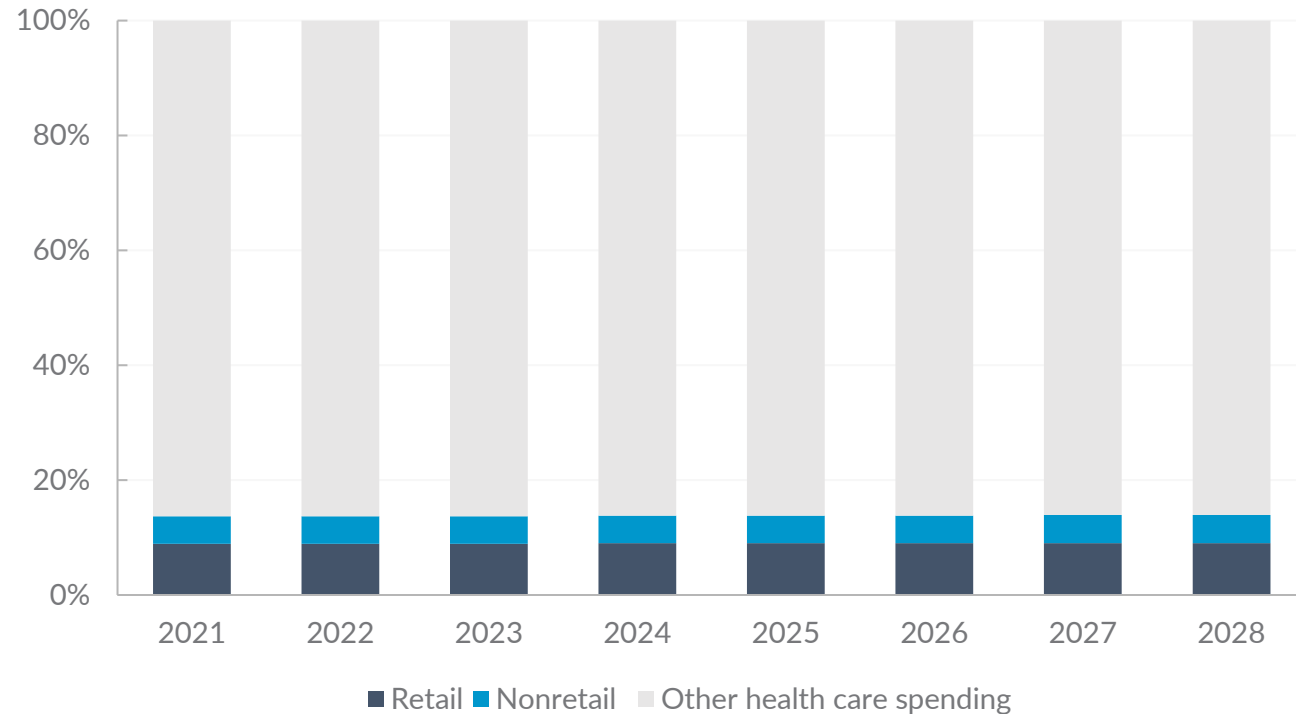


of total health care spending

In 2021, per capita spending on medicines* *declined by*

1%

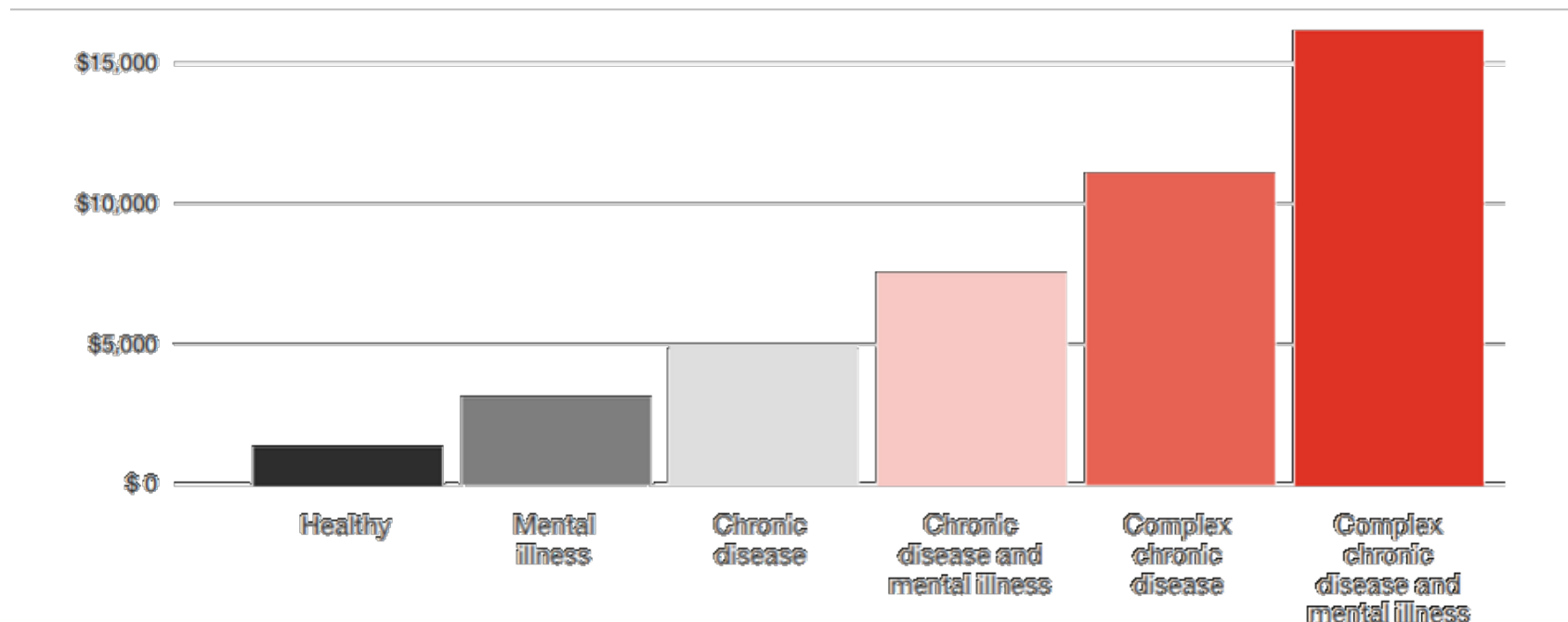
Projected US Health Care Expenditures Attributable to Retail and Nonretail Prescription Medicines, 2021-2028



The Key to Reducing Health Spending Lies in Better Management of Chronic Disease

Employers spend 12 times more on individuals with complex chronic illness and mental illness than they do on healthy individuals.

Average Annual Per Capita Spending for Individuals with Employer-Based Insurance, 2015-17

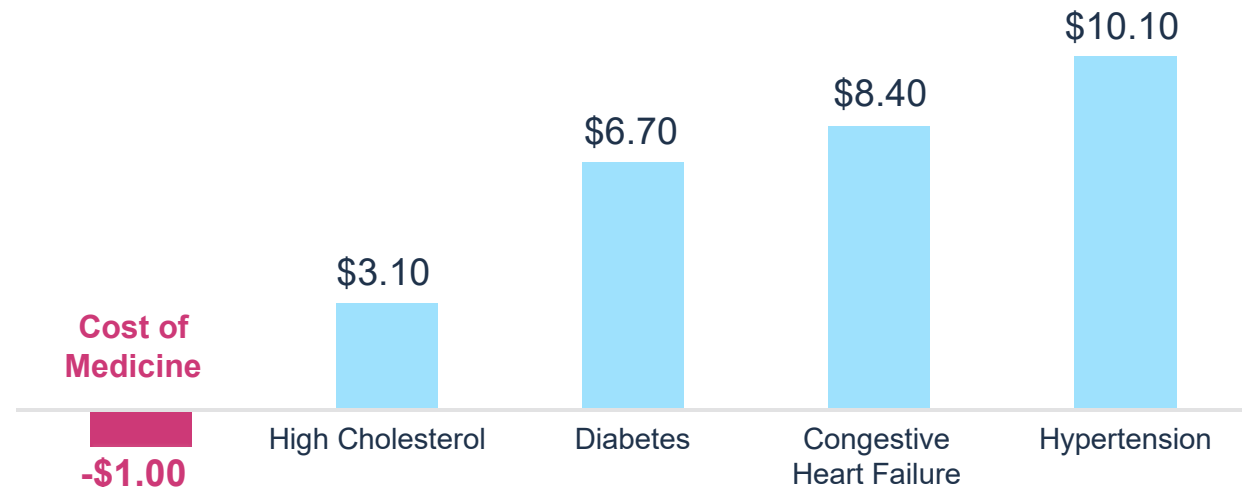


Prescription Medicines Can Lower Health Care Costs by Reducing the Need for More Costly Medical Services



Every \$1 spent on medicines for adherent commercially insured patients with common chronic conditions **saves up to \$10** in avoidable health care services, like emergency department visits and hospitalizations.

Estimated Savings Per Dollar Spent on Medicines for Adherent Commercially Insured Patients with Common Chronic Condition

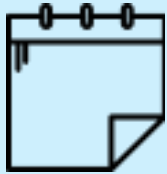


SOURCE: M.C. Roebuck, et al. "Medication Adherence Leads to Lower Health Care Use and Costs Despite Increased Drug Spending." Health Affairs 30 no. 1 (2011): 91-9.

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Insurer Cost Sharing May Prevent Employees from Accessing Needed Health Care, Ultimately Increasing Costs for Employers

Employees often face large sudden medical bills



Nearly 40%
of commercially insured patients incurred **half of their annual health care spending in one day.**

Many employees skip needed care due to cost concerns

One in three low-income employees are unable to afford needed health care services.



Cost-related barriers to care increase employee absenteeism

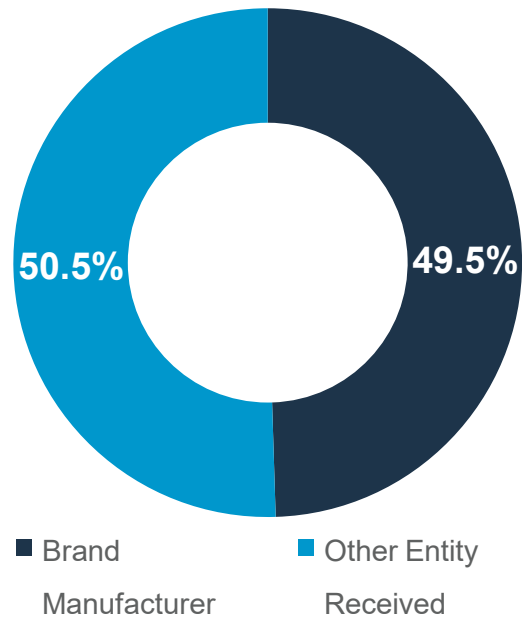
Low-income employees who experienced cost-related barriers to health care had

70%
more sick days
than employees who did not face affordability challenges.

More than 1/2 of Brand Spend on Medicines Goes to Other Stakeholders, not Patients (and not the Manufacturers)

Rebates, discounts and other payments made by brand manufacturers reached \$236B in 2021.

Percent of Total Spending on Brand Medicines Received by Manufacturers and Other Entities, 2020



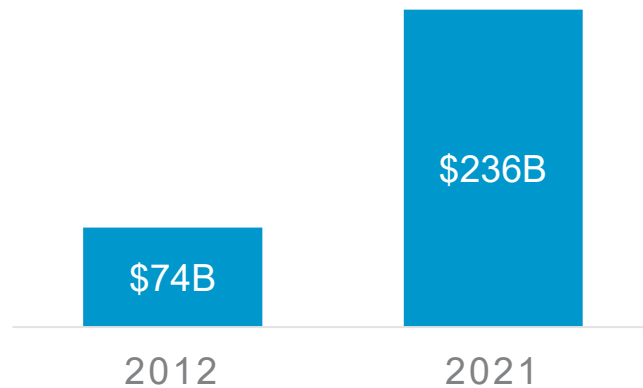
Payments from brand manufactures to payers, middlemen, providers and other stakeholders tripled between 2012 and 2021



Rebates and Discounts Lower the Net Prices of Medicines

Increasing Discounts and Rebates

Rebates, discounts, fees, and other price concessions have tripled since 2012



Large Difference Between List and Net Prices

On average, a brand medicine's net price is

49% lower

than its list price

Reduce Cost-Related Barriers by Ensuring Patients Directly Benefit from Rebates and Discounts on Medicines at the Pharmacy Counter

“[T]he goal of point of sale (POS) discounts is to use a portion of the rebate to deliver lower out-of-pocket costs directly to eligible members, and help make prescriptions more affordable at the pharmacy counter.”

UNITEDHEALTH GROUP®



SOURCE: Optum, Jun 2019. *Point of Sale Discounts Mean Lower Costs*; UnitedHealth Group, Successful Prescription Drug Discount Program Expands to Benefit More Consumers at Point-of-sale, March 2019.

According to UnitedHealth, employers who have opted to share discounts with patients at the point of sale have seen results:



Saved patients \$130 per eligible prescription, on average



Improved patient adherence by up to 16%

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Policies That Help *Patients Pay Less*



Share the savings



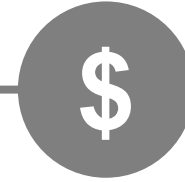
Make coupons count



Offer lower cost-sharing options



Cover medicines from day one



Hard-dollar cost sharing caps