



## Magellan Rx Management Medical Pharmacy Trend Report Shows Record Increase in Commercial PMPM Trends

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*Ninth annual report features a comprehensive view of medical pharmacy trends in claims data, including all major lines of business*

SCOTTSDALE, Ariz.--(BUSINESS WIRE)--Feb. 19, 2019-- Magellan Rx Management, the pharmacy benefit management (PBM) division of [Magellan Health, Inc.](#) (NASDAQ: MGLN) released its ninth annual [Medical Pharmacy Trend Report™](#). The benchmark report is the industry's premier detailed resource that offers data for analyzing medical benefit drug claims as well as current medical benefit drug management strategies.

### Trends Highlight the Need for More Effective Management Strategies

Commercial per-member-per-month (PMPM) medical drug spend increased 18 percent to \$29.97, above the 14 percent average annual trend over the last five years. Similarly, Medicare PMPM saw its largest increase of 12 percent to \$52.19, far exceeding the average annual trend of five percent, due to increases in PMPM spend and utilization of immuno-oncology agents and other new entrants to the market.

"The data shows that the trend over the last five years for Medical Pharmacy drugs was 68 percent, representing the largest growth over the last nine years, reinforcing the need for effective management strategies in medications billed through the medical benefit," said Kristen Reimers, RPh, senior vice president, specialty clinical solutions. "Offering a global view of today's most significant medical pharmacy trends, the report provides valuable insights that can help identify effective strategies and inform smarter decisions for controlling rising spend and managing the medical pharmacy benefit."

Site of service continues to be a concern, with drugs administered in the hospital outpatient setting continuing to cost 2-3 times more than physician offices and home infusion sites of service. Sixty-eight percent of payers are now using a site of service program.

### Forecasting Significant Medical Benefit Categories

The report illustrates that over the last 12 months there were significant changes to many provider-administered therapeutic categories covered on the medical benefit. Novel oncology therapies and immunotherapy treatments continued to drive the highest spend. Antihemophilic factor is the category with the highest annual trend increase at 62 percent in Commercial and 185 percent in Medicare. Other categories such as enzyme replacement drugs, autoimmune agents for gastrointestinal (GI) disorders, and new agents in the asthma category also contributed to the \$4 PMPM increase in medical benefit spend.

According to the report, oncology had the highest PMPM spend across all lines of business (LOB), with Rituxan, Herceptin and Avastin remaining in the top five drugs for Commercial plans along with Opdivo in the top 10. By 2022, chimeric antigen receptor T-cell therapies (CAR-T) for oncology immunotherapy treatment are projected to have an increase in PMPM spend of 581 percent.

Programmed-cell death (PD)-1 inhibitor Keytruda (pembrolizumab) had an impactful increase in utilization with at least a 200 percent increase in PMPM spend in each LOB, vaulting Keytruda into the top 15 drugs. Opdivo (nivolumab), another PD-1, lost market share to Keytruda but still accounted for 56 percent of commercial oncology checkpoint inhibitors.

### First Look at Medicaid Medical Pharmacy Analysis

Looking at Medicaid medical pharmacy spending for the first time, the data revealed that PMPM allowed amounts are lower with an average of \$8.29, vs. \$29.97 in commercial and \$52.19 in Medicare, and average annual trend consistent with Medicare at five percent. The annual cost per patient in Medicaid is higher than Medicare, indicating that proportional to their respective populations, Medicaid may have higher incidences of rare, higher-cost disease states.

Notably, 14 percent of Medicaid patients and 21 percent of Medicare patients are driving nearly all medical pharmacy spend; 91 percent and 95 percent, respectively.

### Review of Biosimilar Reimbursement Strategies

In a large swing from previous years, more than half of payers (51 percent) required members to step through a biosimilar before utilizing its reference product; of those payers who do not have one in place, 41 percent were not planning to implement a step at all. Looking ahead, 64 percent of payers indicated that the pricing of biosimilars was most impactful on their reimbursement decisions with the anticipation that three of the top spend oncology agents could have biosimilars on the market in 2019.

To learn more about the latest medical pharmacy trends and key management strategies, register [here](#) for our webinar on Thursday, March 14 at 1 p.m. Eastern.

**Magellan Rx Management** is a full-service, next-generation pharmacy benefit manager (PBM) that helps our customers and members solve complex pharmacy challenges by connecting them to the people, technology, and information they need to make smarter healthcare decisions. As experts in managing specialty spend both on the prescription and medical benefit, we are energized by discovering new and better ways to deliver solutions in today's complex and rapidly-evolving healthcare environment, leading people to live healthier, more vibrant lives. [Magellan Rx Management](#) is a division of [Magellan Health, Inc.](#)

**About Magellan Health:** [Magellan Health, Inc.](#), a [Fortune 500 company](#), is a leader in managing the fastest growing, most complex areas of health, including special populations, complete pharmacy benefits and other specialty areas of healthcare. Magellan supports innovative ways of accessing better health through technology, while remaining focused on the critical personal relationships that are necessary to achieve a healthy, vibrant life. Magellan's customers include health plans and other managed care organizations, employers, labor unions, various military and governmental agencies and third-party administrators. For more information, visit [MagellanHealth.com](#).

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