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## Magellan Rx Management's Fourth Annual Medical Pharmacy Trend Report Reveals Opportunities for Payors to Better Manage Care, Reduce Costs

*Magellan's report is the only benchmark of its kind for drugs paid under the Medical Benefit*

AVON, Conn.--(BUSINESS WIRE)-- Magellan Rx Management, a division of Magellan Health Services, Inc. (NASDAQ: MGLN), today released its fourth annual [Medical Pharmacy Trend Report](#), the only industry benchmark of its kind to analyze high cost injectable drugs paid under the medical benefit, including those drugs used to treat complex conditions such as cancer, rheumatoid arthritis and multiple sclerosis. The fourth edition of the report includes trends for the past three years, including this year's responses from 48 individual health plans that collectively manage 166 million lives.

"The pharmacy benefit management industry continues to evolve as it analyzes and provides solutions to the most complex drug utilization on the medical benefit," said Mostafa Kamal, senior vice president and general manager of Magellan Rx Management's specialty drug division. "Helping payors and others in the industry better understand trends and historical data in this space is critical. [This report](#) highlights several areas that payors can address to better manage care for their members while reducing costs."

Among the key findings in the 2013 Medical Pharmacy Trend Report:

- Twenty-two percent of plans indicated that they had a medical formulary in place. Of that 22 percent:
  - 94 percent indicated they used prior authorization
  - 31 percent indicated that they had reimbursement strategies in place
  - 31 percent indicated they used pathways
  - 25 percent indicated they used tiered benefit structures
  - 25 percent indicated that they had a policy in place
- Genetic testing remains a critical component of medical drug management, but plans have not yet developed sophisticated strategies to help manage this trend.
- Only 31 percent of plans responded said they receive rebates on the medical benefit, down from 57 percent. However, plans did say they are receiving rebates in some new categories like hemophilia, intravenous immunoglobulin (IVIG) and cancer.
- Fifty-six percent of plans implemented a fixed fee schedule to reduce the number of hospitals being reimbursed for medical drugs on a percentage basis. The shift to hospital site-of-service for medical drugs remains a significant driver of trend.
- The top cancer medications increased in hospital utilization by 20-35 percent, with the majority of this utilization shifting from the physician's office.

"In recent years, we've seen very minimal trends for traditional oral pharmacy products as compared to specialty products, where trends are in the double digit range for self-administered injectables and continue to trend upward on provider-administered products," said Kamal. "This trend will continue to prevail, driven by a robust specialty pipeline, paired with continued patent expiration of traditional oral medications. Specialty products represent 25-30 percent of total drug spend, while medical benefit injectables represent approximately 15 percent of total drug spend. Specialty drug spend will continue to grow at a faster rate than traditional oral drugs, and is on pace to make up approximately 50 percent of total drug cost in the next five years."

The fourth annual Medical Pharmacy Trend Report is available [online](#). The report employs a combination of primary and secondary research methodologies to deliver a comprehensive view of payor perceptions and health plan actions related to medical injectables, including those used for chemotherapy and cancer supportive care, rheumatology and immunotherapy.

Magellan Rx Management includes a complete suite of industry-leading pharmacy offerings, consisting of pharmacy benefit management, Medicaid pharmacy benefit administration, and specialty and medical pharmacy management.

**About Magellan Health Services:** Headquartered in Avon, Conn., [Magellan Health Services, Inc.](http://MagellanHealthServices.com) is a healthcare management company that focuses on fast-growing, complex and high-cost areas of healthcare, with an emphasis on special population management. Magellan delivers innovative solutions to improve quality outcomes and optimize the cost of care for those we serve. Magellan's customers include health plans, managed care organizations, insurance companies, employers, labor unions, various military and government agencies, third party administrators, and brokers. For more information, visit [MagellanHealth.com](http://MagellanHealth.com).

Magellan Health Services, Inc.

**Media Contact:**

Colleen Flanagan Johnson, 860-507-1923  
[cefjohnson@magellanhealth.com](mailto:cefjohnson@magellanhealth.com)

or

**Investor Contact:**

Renie Shapiro Silver, 877-645-6464  
[rshapiro@magellanhealth.com](mailto:rshapiro@magellanhealth.com)

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