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Magellan Health Releases Sixth Annual Medical Pharmacy Trend Report

Report Highlights Need for Innovative Strategies Around Difficult-to-Manage Medical Pharmacy Area

SCOTTSDALE, Ariz.--(BUSINESS WIRE)-- Magellan Rx Management, the pharmacy benefit management (PBM) division of [Magellan Health, Inc.](#) (NASDAQ: MGLN), today released its sixth annual [Medical Pharmacy Trend Report](#), which includes data from 59 commercial payers representing approximately 130 million covered lives. In addition, the [report](#) includes an in-depth analysis of various health plans' commercial and Medicare medical-paid claims data representing utilization across all outpatient sites of service, including physician offices, home infusion providers, specialty pharmacies and hospital outpatient facilities. [Magellan Rx Management's Medical Pharmacy Trend Report](#) continues to be the only publication of its kind to analyze high-cost injectable drugs paid under the medical benefit.

Key findings in the [report](#) include:

- 1 Commercial per-member-per month (PMPM) allowed amounts of \$23.60 and Medicare PMPM allowed amounts of \$44.84 increased 11 and 5 percent, respectively, driven by inflation, utilization, drug mix and shifts in site of service.
- 1 The top 25 drugs by health plan spend cost \$22,423 per patient per year for commercial and represented 64 percent of spend, while the top 25 drugs by Medicare spend cost \$10,551 per patient per year and represented 69 percent of spend.
- 1 Although not always included on the top 25 drug listing by overall payer spend, the annual cost per patient per year across the top 10 most expensive agents averaged \$353,000 for commercial and \$271,000 for Medicare. These patients represented 0.02 percent of commercial and 0.04 percent of Medicare members.
- 1 Commercial medical benefit drug costs in the hospital outpatient setting were often double that of the physician office. Compared to the commercial population, Medicare saw much larger shifts in site of service from the physician office setting to the hospital outpatient facility since 2010, especially for oncology and biologic drugs for autoimmune disorders. Oftentimes, administrative code reimbursement is four times more expensive in the hospital than physician office setting for commercial members; for Medicare, it is frequently twice as costly in the hospital.

"It's no surprise that the trends we've seen for more than five years now are continuing," said Casandra Stockman, Pharm.D., vice president of medical pharmacy strategy at Magellan Rx Management. "Fifty provider-administered agents are driving 80 percent of medical pharmacy drug spend. This trend has been exacerbated by manufacturer price increases and site of service shifts from the physician's office to hospital outpatient settings, particularly as hospital systems purchase office-based practices. Going forward, we expect to see newer, costly oncology drugs enter the top 25 drug listing, particularly programmed cell death 1 (PD1) and programmed death-ligand 1 (PD-L1) inhibitors."

"Medical pharmacy spend can be challenging for health plans to track and even harder to manage," said Adam Wiatrowski, senior vice president and general manager of Magellan Rx Management's specialty business. "This is a key area of focus for payers, and while other PBM firms are just beginning to delve into this area, Magellan Rx Management has been doing so for over a decade. Our clinical experts and thought leaders devise cutting-edge strategies to help manage this critical area to help provide better care to members while lowering costs for clients."

About Magellan Rx Management: Magellan Rx Management is a full-service PBM that specializes in solving complex pharmacy challenges for its customers by developing and executing smart solutions that leverage industry-leading experience and technology to exceed expectations across the employer, third-party administrator, broker, managed care, government, Medicaid and Medicare Part D lines of business. As a pioneer in medical specialty pharmacy management and a leader in best-in-class formulary optimization programs, Magellan Rx Management delivers consistent, proven cost savings. As clinical experts, Magellan Rx Management delivers customized programs to address clients' most pressing clinical challenges, drive STAR improvements and engage patients and providers to deliver improved health outcomes.

About Magellan Health: Headquartered in Scottsdale, Ariz., [Magellan Health, Inc.](#) 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 develops innovative solutions that combine advanced analytics, agile technology and clinical excellence to drive better decision making, positively impact health outcomes and optimize the cost of care for the members

we serve— all within a customer-first culture. 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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