



Prioritizing the perpetual rise in pharmacy costs

Rising drug prices are creating challenges for employers and employees, but a whole-person, integrated and collaborative approach can save money and bolster better health outcomes.

It's a safe bet that, in 2024, employers and employees will spend even more money on prescription drugs than they have in the past due to the current economy. In fact, drugmakers started 2023 by raising the prices of 450 products, with the expectation that more price hikes are to come.¹

But this has been the case for years. Total drug spending continues to inch up year after year with the cost of more than 1,000 drugs increasing an average of 31.6% since 2016.² What has driven the upward trend? Higher usage rates combined with ongoing price increases and new drugs coming into the market are primary factors.

While new specialty drugs and therapies have the potential to improve health outcomes, many of them are unsustainably expensive. Case in point: Although they make up just 2% of overall volume, specialty medications account for more than 50% of total pharmacy spending.⁴ For example, among specialty drugs used to treat adults with moderately to severely active ulcerative colitis, one of the newer drugs on the market costs approximately \$75,000 per year.⁵ Consider also GLP-1s, the drugs used to treat type 2 diabetes, several of which are approved for treating obesity. A one-month supply costs around \$1,000 by some estimates.⁶

It's no wonder that 9 in 10 surveyed employers reported feeling "concerned" or "very concerned" about high-cost drugs in the pipeline.⁷

"Drug prices are so extraordinarily high and contribute so much to the cost of health care that employers are now in a position where they have to make more difficult choices about how to spend their money."

Matthew Vesledahl

Chief Affordability Officer
UnitedHealthcare Employer & Individual

Some of those decisions could include shifting costs to employees, raising deductibles or even ending coverage entirely for certain drugs. But thoughtful cost-management strategies may help provide crucial relief for both employers and their employees.

continued



\$633B+

in total drug spending
in 2022³

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Healthcare**

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Applying a multifaceted approach to managing pharmacy costs

The good news for employers and employees alike is that lowering pharmacy costs is possible with a multi-pronged strategy.

At UnitedHealthcare, the right approach involves integrating medical and pharmacy benefits, collaborating across the health system and launching new initiatives that have the potential to save money and improve health outcomes while delivering a better experience.

The starting point is a whole-person approach that keeps the patient at the center. That means considering all options for treating a condition, and knowing which may create the best outcomes from both a health and cost perspective. “It’s critical to understand which options create the most value and then drive coverage to those options,” says Susan Maddux, chief pharmacy officer for UnitedHealthcare Employer & Individual.

Integrating pharmacy and medical benefits

Less-than-optimal treatment decisions are more likely when a patient does not have integrated medical and pharmacy benefits. Matthew Vesledahl, chief affordability officer for UnitedHealthcare Employer & Individual, offers an example involving medications used to treat neuromyelitis optica spectrum disorder (NMOSD), a rare condition which can be treated with different medications:

- 1 \$26,000 per month for self-administered injection
- 2 \$2,600 per month for infusions administered in office by a health care provider

Someone with separate medical and pharmacy benefit carriers may end up receiving the \$26,000 injection because their carrier and pharmacy benefit manager (PBM) are not synced up on how to manage treatments that have options under both benefits.

“If you buy your medical and pharmacy benefits together, you are more likely to end up with a better cost outcome than if you didn’t otherwise,” Vesledahl says. “If you don’t manage holistically across your benefits, you risk higher costs.”

Value-vetting is at the core of integrated benefits. Any specialty drug that comes to market is screened to ensure that it’s safe, effective and delivers tangible value in line with the price charged by its manufacturer.

“Every drug first goes through a rigorous clinical review process led by our pharmacy and therapeutics committee,” Maddux says. “As part of our clinical and coverage evaluation, we also ask, ‘Is there a less expensive drug available for treating the same condition with similar outcomes?’ Those are the kinds of cost benefits we weigh.”

“Drugs may be the most economical way to take care of various conditions or to prevent conditions from even happening.”

Susan Maddux

Chief Pharmacy Officer
UnitedHealthcare Employer & Individual

Collaborating across the health system

The potential for collaboration across the health system to reduce costs and expand access is growing with the complexity and variety of treatments. For instance, embedding patient and prescription cost information into providers' workflows may enable them to make more informed decisions for their patients at the point of care.

The Cancer Guidance Program (CGP) is an evidence-based treatment management and analytics service used by UnitedHealthcare to help ensure quality care and reduce costs.⁸ How it works: CGP directs oncologists to prescribe the highest-quality, most cost-efficient treatment regimen, while also helping them quickly obtain authorizations.

"The Cancer Guidance Program improves the physician experience because it's an easier path for physicians to get approvals for the entire cancer regimen, but it also improves the member experience because someone could potentially start the therapies earlier," Maddux says.

Another example is PreCheck MyScript[®], which prompts prescribers when there is a lower-cost drug alternative, saving members an average of \$111 each time a prescriber shifts to an alternative drug suggested by PreCheck MyScript data.⁹

Optum Rx[®], the pharmacy care services company within Optum—an affiliate company of UnitedHealth Group—introduced a new tool this year that takes it a step further, empowering employees to compare prices for traditional generic drugs based on their insurance coverage. These collaborations are becoming increasingly common and are designed to help offset the trajectory of pharmacy care costs.

10:1 return on investment

for employers
leveraging CGP⁸

\$111

member savings per script
with PreCheck MyScript⁹



Launching groundbreaking initiatives

If people can't easily afford the medications they need, they're less likely to take them, which contributes to poor health outcomes.¹⁰

As part of its commitment to affordability, access, equity and innovation, UnitedHealthcare was the first in the industry to eliminate all out-of-pocket costs for **5 vital medications** for eligible members: insulin to treat diabetes, epinephrine to treat allergic reactions, glucagon to treat hypoglycemia, naloxone to treat opioid overdoses and albuterol to treat acute asthma attacks.¹¹

"These are life-saving drugs," says Kelley Nolan-Maccione, chief product officer within UnitedHealthcare Employer & Individual. "Without these medications, the outcome of an event can be fatal. You don't want to be in a situation where you are rationing them or taking a chance, because it truly can come down to life or death." Nolan-Maccione knows from personal experience how vital those drugs are, since she has family members with severe allergies.

Some of the emergency-use drugs covered by the new \$0 out-of-pocket policy—which applies to about 7.5M members—might otherwise cost hundreds of dollars, Nolan-Maccione notes.¹² "Parents shouldn't have to choose between keeping a medication at school or at home due to cost barriers," she says.

Prescription Drug Lists (PDL) and utilization management programs, including prior authorizations, are also helping manage the costs of some of these drugs. UnitedHealthcare PDLs, for instance, are built to incentivize employees to use covered, clinically appropriate and cost-effective medications.

Waiting for a prior authorization to get approved can be frustrating for employees. So, for certain drugs, the company has **streamlined the process**, such as immediately approving or removing prior authorizations altogether for certain drugs based on an employee's pharmacy and medical claims data and diagnosis information.

The rise in pharmacy care costs will continue to challenge the entire health system to collaborate and innovate in ways they haven't before to achieve better health outcomes, a simpler experience and lower costs.

\$34M

in savings for
≈544,000 members
who have received
free vital drugs¹³

Learn more

Contact your broker, consultant or UnitedHealthcare representative or visit uhc.com/broker-consultant or uhc.com/employer

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¹ Blank, Christine, Drug Makers Start 2023 With Price Hikes. Formulary Watch, Jan. 4, 2023. Available: <https://www.formularywatch.com/view/drug-makers-start-2023-with-price-hikes>

² Bosworth, Arielle, et al. Price increases for prescription drugs, 2016-2022. ASPE, Sept. 30, 2022. Available: <https://aspe.hhs.gov/reports/prescription-drug-price-increases>. Accessed: Nov. 28, 2023.

³ Tichy, Eric M., et. al. National trends in prescription drug expenditures and projections for 2023. American Journal of Health-System Pharmacy, July 7, 2023. Available: <https://pubmed.ncbi.nlm.nih.gov/37094296/>. Accessed: Nov. 28, 2023.

⁴ What is Drug Trend and How to Manage it? Evernorth Health Services, 2022. Available: <https://www.evernorth.com/articles/specialty-drug-trends-and-utilization>.

⁵ Drug Spend for IBD Drugs Could Shift to Pharmacy Benefit. Formulary Watch, Nov. 9, 2023. Available: <https://www.formularywatch.com/view/drug-spend-for-ibd-drugs-could-shift-to-pharmacy-benefit>.

⁶ Demand for GLP-1 drugs is growing. Here's why payers are hesitant to cover them for weight loss. Fierce Healthcare, June 14, 2023. Available: <https://www.fiercehealthcare.com/payers/cost-isnt-only-reason-payers-hesitate-cover-ozempic-weight-loss-drug>.

⁷ 2023 Large Employer Health Care Strategy: Executive Summary. Business Group on Health.

⁸ Optum. Cancer Guidance Program, 2019. Available: <https://www.optum.com/content/dam/optum3/optum/en/resources/sell-sheet/cancer-guidance-program-sell-sheet.pdf>. Accessed: Feb. 2023.

⁹ Optum Rx analysis of full year 2021 trial claim and production claim data.

¹⁰ Witters, Dan. In U.S., an Estimated 18 Million Can't Pay for Needed Drugs. Gallup, Sept. 21, 2021. Available: <https://news.gallup.com/poll/354833/estimated-million-pay-needed-drugs.aspx>

¹¹ Implementing flexible tools, expert support and integrated solutions for an improved experience. UnitedHealthcare, Dec. 12, 2022. Available: <https://www.uhc.com/broker-consultant/news-strategies/resources/implementing-flexible-tools-expert-support-and-integrated-solutions-for-an-improved-experience>

¹² UnitedHealthcare internal analysis, Dec. 2022.

¹³ UnitedHealthcare internal analysis, 2023.

Cancer Guidance Program is a program, not insurance. Availability may vary on a location-by-location basis and is subject to change with written notice. UnitedHealthcare does not guarantee availability of programs in all service areas and provider participation may vary. Certain items may be excluded from coverage and other requirements or restrictions may apply. Please check with your UnitedHealthcare representative.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by United HealthCare Services, Inc. or their affiliates.