



Emerging Pharmacy and Managed Care Trends and Cost Drivers



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McGriff Pharmacy Consulting Practice

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Practice Leader Experience



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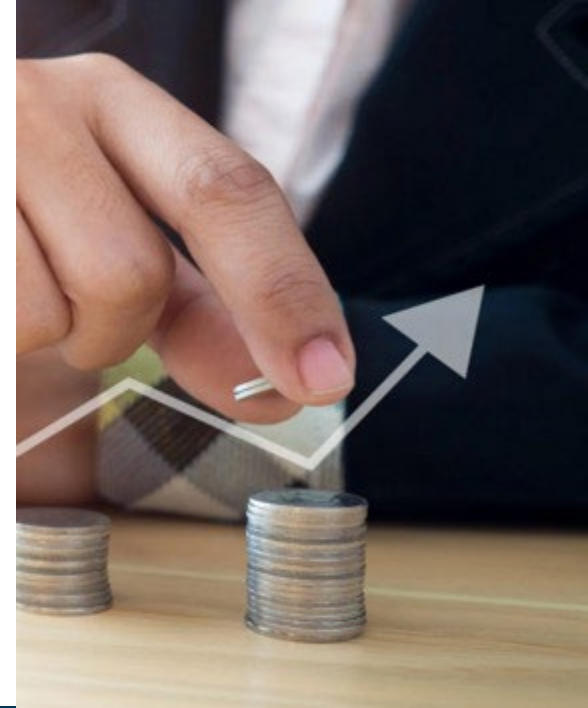
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Denise is a Doctor of Pharmacy, earning her degree from The Ohio State University. With over 25 years experience she brings broad aptitude in managed care. Denise's passion to influence quality of care and affordability in health care translates well as she leverages her experience to help employers achieve their strategic imperatives.



Pharmacy Managed Care Trends

The Centers for Medicare and Medicaid Services expects prescription drug spend to continue to be the fastest growing health care expense over the next decade. They estimate that **\$0.40 of every dollar spent on healthcare in the U.S. is for drug therapy**



Quality of Care

- Clinical Outcomes
- Member Engagement
- Digital Therapies
- Disease Management

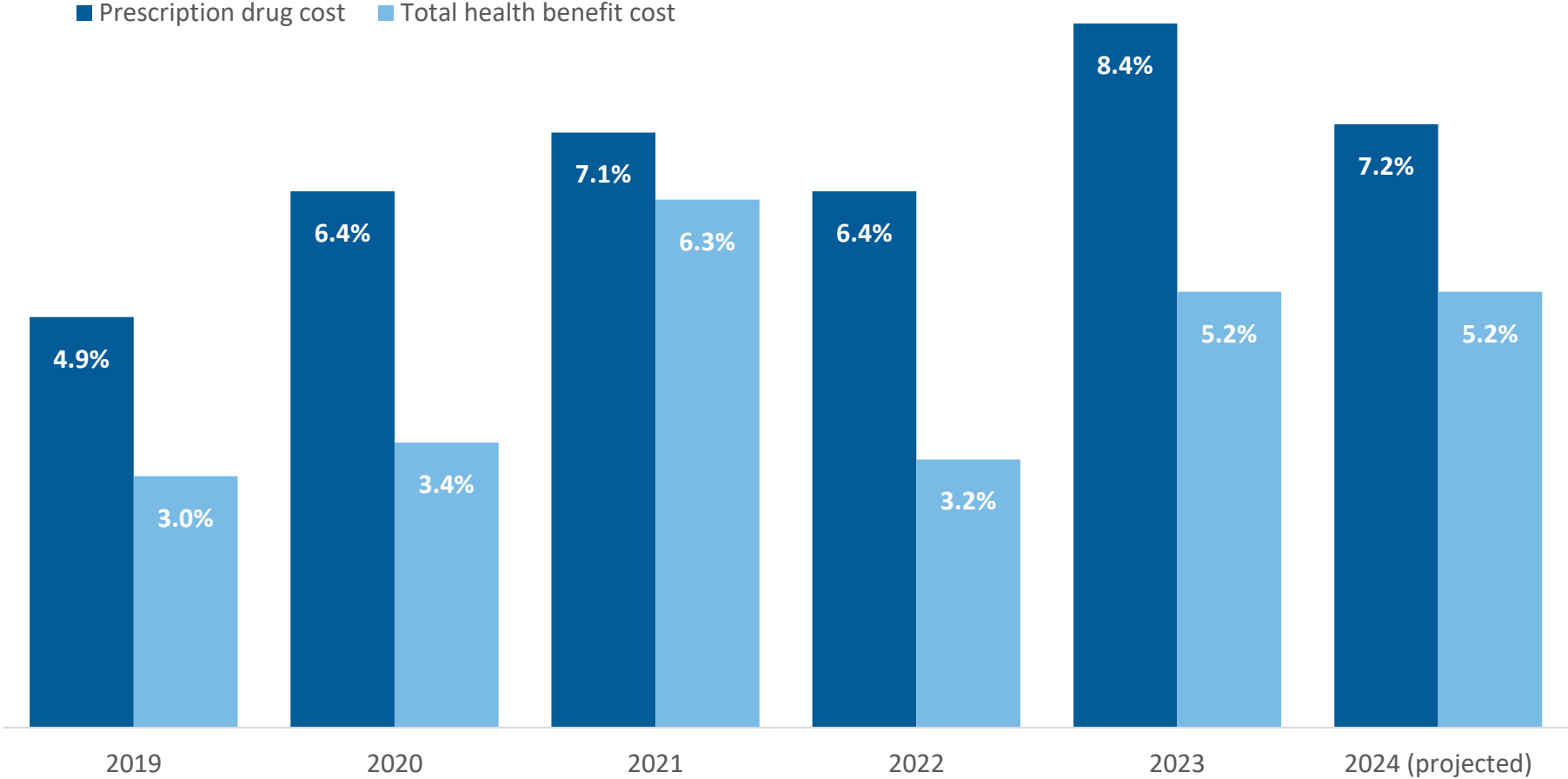
Affordability

- Utilization Management
- Value-Based Reimbursement
- Low Net Cost Strategy
- Gene Therapy

Population Health

- Wellness Initiatives
- Preventative Care
- Rare Orphan Diseases
- Chronic Conditions

Pharmaceutical costs are the biggest driver of health care costs



Average annual change in cost per employee

Source: **Mercer**, *National Survey of Employer-Sponsored Health Plans*, **Mercer** 2023,

Specialty Drugs

1.5%
Total Claims

1-2%
Members

56%
Rx Spend

Difficult to Produce

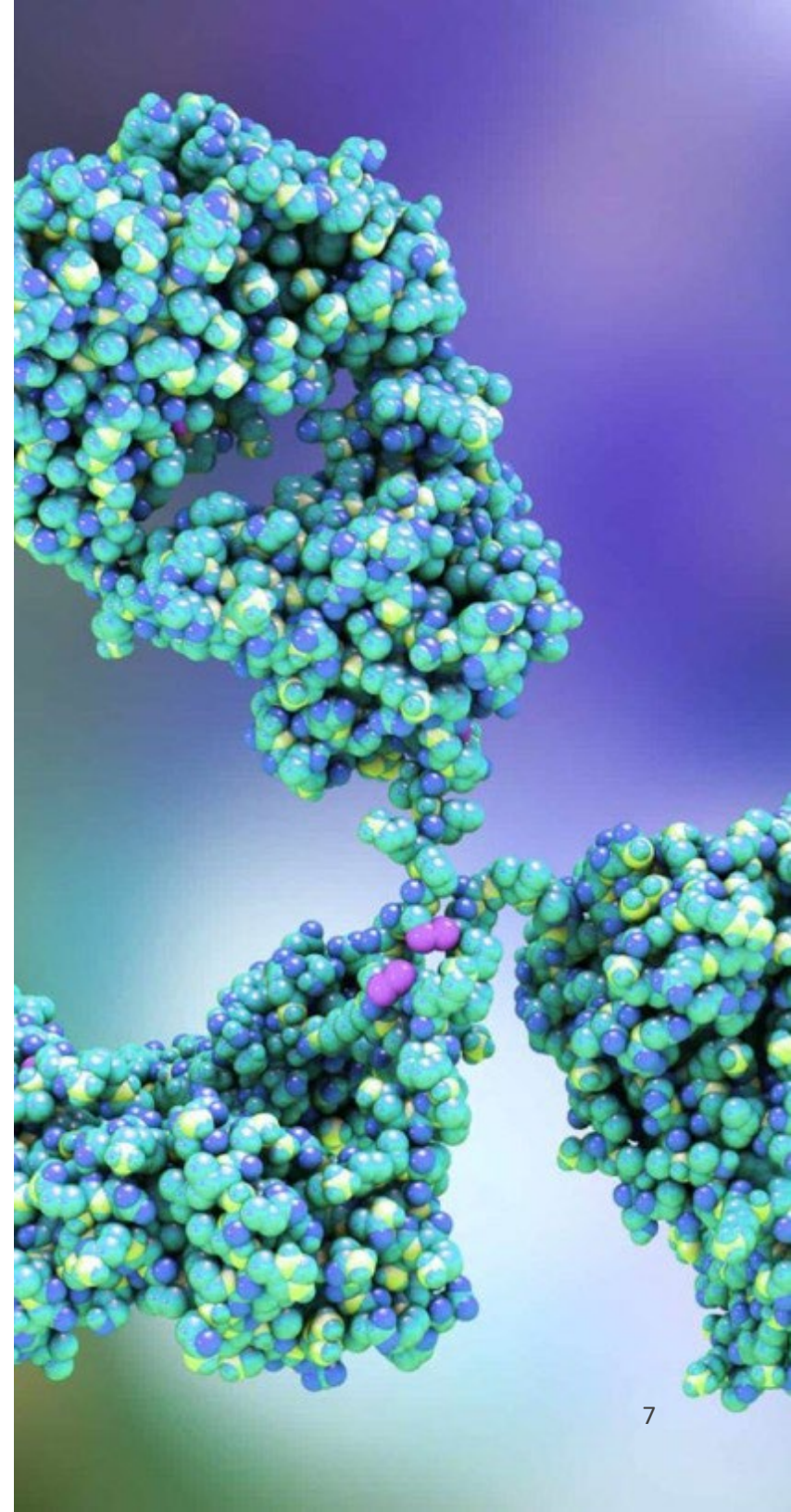
- Often made from living organisms
- 8-10 years to develop
- Typically over \$1B in research and development

Highly Specific

- Target specific disease processes
- Treat small patient populations
- Rare and orphan disease

Increased Patient Burden

- Increased clinical monitoring
- Extensive patient training
- Limited distribution
- Special handling



The Biosimilar Reality

March 2023 - Launch of Amjevita, the first major biosimilar for Humira (\$21.2B annual revenue)

- 10 biosimilars for Humira launched
- 7 biosimilars approved for Stelara to launch mid-2025
- Not all biosimilars are interchangeable
- Non-interchangeable biosimilars require a prescription from a healthcare prescriber written specifically for that biosimilar

Interchangeable Biosimilars may be substituted without prescriber intervention

What To Ask Your PBM

- How will rebates impact the net cost?
- Which product will be the lowest net cost?
- What flexibility is available to promote biosimilars?

PBM Strategies

Passive Acquiescence

Most PBMs will add limited number of biosimilars to formulary

Exclusive Contract

Access to only 1 biosimilar, e.g. Cost Plus Drugs only offers Yusimry

PBM ownership of biosimilar

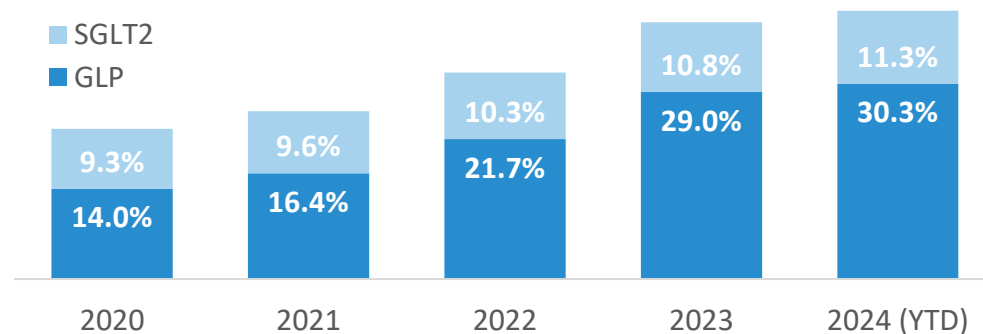
CVS launching subsidiary to produce biosimilars

Diabetes drug cost will continue to trend, led by growth in GLP-1 prescriptions.

In the last five years, two categories of diabetic medications, SGLT2 inhibitors and GLP-1s, have shown tremendous efficacy in diabetic patients with heart and kidney disease. Treatment guidelines have shifted toward offering these drugs as first-line treatments for patients with kidney and heart-related comorbidities. A generic version of Victoza, one of the first GLP-1 drugs to hit the market, became available in June 2024.¹

GLP-1 and SGLT2 market share amongst diabetics²

*Rx Solutions book of business through 2Q 2024



Sources: 1. *Journal of cardiovascular development and disease*, 10(8), 322. *SGLT2 Inhibitors vs. GLP-1 Agonists to Treat the Heart, the Kidneys and the Brain*. *J Cardiovasc Dev Dis*, 2023. 2. *MMA Rx Solutions Book of Business through 2Q 2024*



Employers are ready for change.

Employers who have relied on PBMs to ease the burden of their pharmaceutical spending are reconsidering their approach to these relationships.

62%

of large group employers are working with their current PBMs on new programs in 2024 and 2025.

1/3

of the Business Group on Health's 40 member companies have changed or are considering changing their PBM.

40%

of the Business Group on Health's 40 member companies are considering implementing "transparent PBM models" in the next two years.

Sources: 1. Business Group on Health. 2025 Employer Health Care Strategy Survey. Business Group on Health, 2025



The strategies initially developed among the largest employers with PBMs and third-party vendors often end up benefiting middle and small group employers in future years.



Kate Moher, President of National Employee Health & Benefits, Marsh McLennan Agency

Agenda & CarelonRx Team

Market Trends and Solutions

- GLP-1 drug market outlook
- Weight Management Solution



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The GLP-1 Drug Outlook

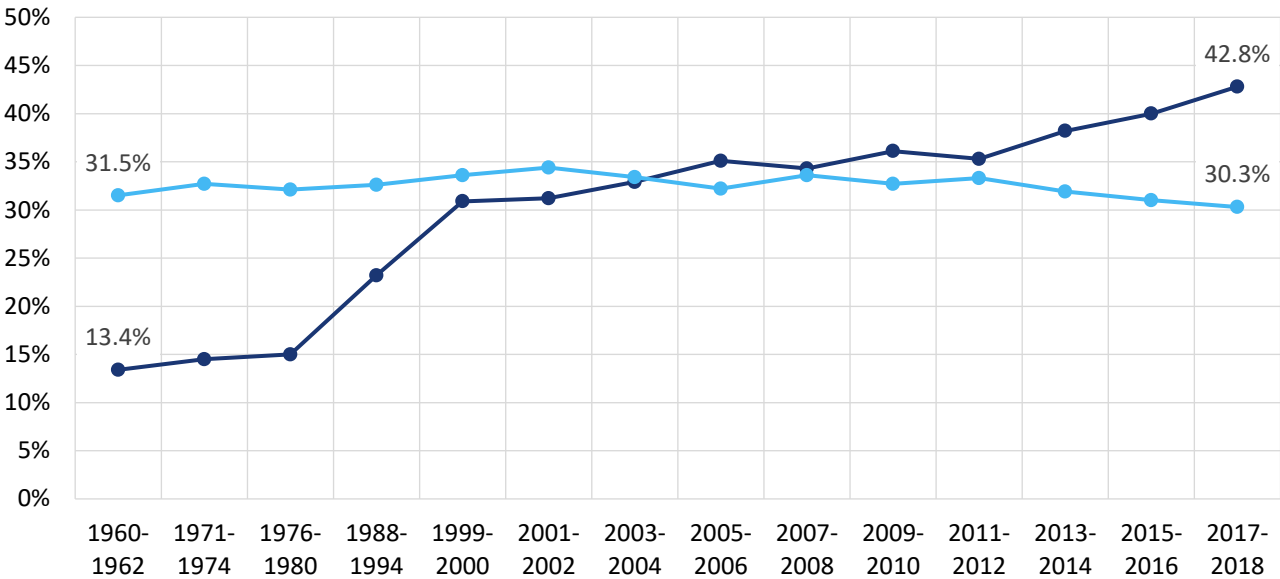


Obesity in the United States

The prevalence of obesity among the U.S. population has tripled over the last 50 years. Nearly three out of every four U.S. adults are now classified as either overweight or obese.

Overweight Obese

Prevalence of Overweight & Obesity in United States (Ages 20-74)¹
1960 - 2018



¹ Prevalence of Overweight, Obesity, and Severe Obesity Among Adults Aged 20 and Over (National Center for Health Statistics)
² America's Obesity Crisis: The Health and Economic Costs of Excess Weight (The Milken Institute)

IMPACT OF OVERWEIGHT & OBESITY IN THE UNITED STATES²

- 73.6%**
 U.S. Adults (Age 20+) Who Are Overweight or Obese
- \$480.7 B**
 Direct Annual Costs for Healthcare Treatment
- \$1.24 T**
 Indirect Annual Costs Due to Lost Economic Productivity

GLP-1 Condition Indications

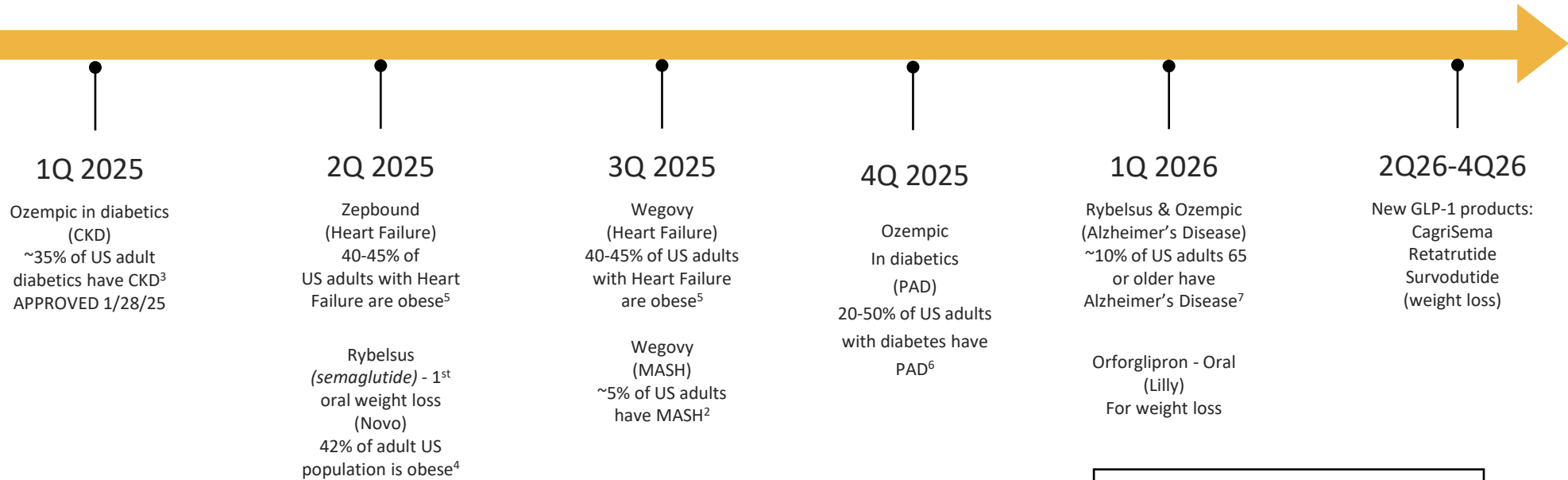
- Glucagon-like peptide-1 (GLP-1) is a hormone that regulates blood sugar and appetite.
- GLP-1 agonists such as Ozempic, Trulicity, and Victoza work by triggering insulin release, which helps lower blood sugar and A1c levels, and can result in weight loss.
- The majority of GLP-1 drugs are FDA-approved for the treatment of type 2 diabetes, while fewer are FDA-approved for the treatment of obesity.^{1,2}
- Mounjaro, the most recent GLP-1 drug approved for type 2 diabetes, is expected to generate \$4.9 billion in yearly revenue by 2026.³
- Zepbound, approved for obesity in late 2023, is projected to generate \$2.7 billion in revenue in 2024.⁴

Drug Name	Indication
Ozempic	Type 2 Diabetes
Rybelsus	Type 2 Diabetes
Wegovy	Obesity
Mounjaro	Type 2 Diabetes
Zepbound	Obesity
Trulicity	Type 2 Diabetes
Victoza	Type 2 Diabetes
Saxenda	Obesity

Sources: 1. **Diabetes Care** 47(11). *Efficacy and Safety of GLP-1 Medicines for Type 2 Diabetes and Obesity*. Diabetes Care, 2024. 2. **International journal of molecular sciences**. *Emerging Role of GLP-1 Agonists in Obesity: A Comprehensive Review of Randomised Controlled Trials*. Int J Mol Sci, 2023. 3. **Fierce Pharma**. *ADA: Eli Lilly's stellar tirzepatide weight loss data tee up showdown with Novo Nordisk's Wegovy, analysts say*. Fierce Pharma. 2022, 4. **Biopharma Drive**. *Drugmakers are racing to find the next Wegovy. These obesity trials are ones to watch*. Biopharma Drive, 2024.

GLP-1's: Beyond Diabetes and Weight Loss

Pipeline for new GLP-1 drugs & new indications



- Key:
- CKD=Chronic kidney disease
 - MASH=Metabolic dysfunction-associated steatohepatitis (liver)
 - OSA=Obstructive sleep apnea
 - PAD=Peripheral arterial disease

1 Wolk R, Shamsuzzaman ASM, Somers VK. Obesity, Sleep Apnea, and Hypertension. Hypertension. 2003;42:1067-1074. <https://www.ahajournals.org/doi/pdf/10.1161/01.HYP.0000101686.98973.A3>

2 National Institute of Diabetes and Digest and Kidney Diseases <https://www.niddk.nih.gov/health-information/liver-disease/nafl-d-nash/definition-facts>

3 <https://www.kidney.org/diabetes-and-chronic-kidney-disease>

4 CDC <https://www.cdc.gov/obesity/php/data-research/adult-obesity-facts.html>

5 Elagizi A, Carbone S, Lavie CJ, Mehra MR, Ventura HO. Implications of obesity across the heart failure continuum. Prog Cardiovasc Dis. 2020 Sep-Oct;63(5):561-569. doi: 10.1016/j.pcad.2020.09.005. Epub 2020 Sep 28. PMID: 33002458; PMCID: PMC7521376.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7521376/>

6 Diabetes and Primary Care. <https://diabetesonthenet.com/diabetes-primary-care/at-a-glance-factsheet-peripheral-arterial-disease/>

7 Alzheimer's Association <https://www.alz.org/alzheimers-dementia/facts-figures>

Eli-Lilly's Retatrutide unique triple-agonist in the GLP-1 pipeline

- Retatrutide agonist of:
 - GLP-1 (glucagon-like peptide-1) agonist
 - GIP (glucose-dependent insulinotropic polypeptide)agonist
 - glucagon receptor agonist
- Retatrutide in development for the treatment of adults with obesity and with other obesity-related conditions.
- Lilly is also evaluating Retatrutide for the treatment of type 2 diabetes (T2D), knee osteoarthritis, obstructive sleep apnea, chronic kidney disease, and major adverse cardiovascular events.
- We expect Retatrutide may be approved for obesity in 2027

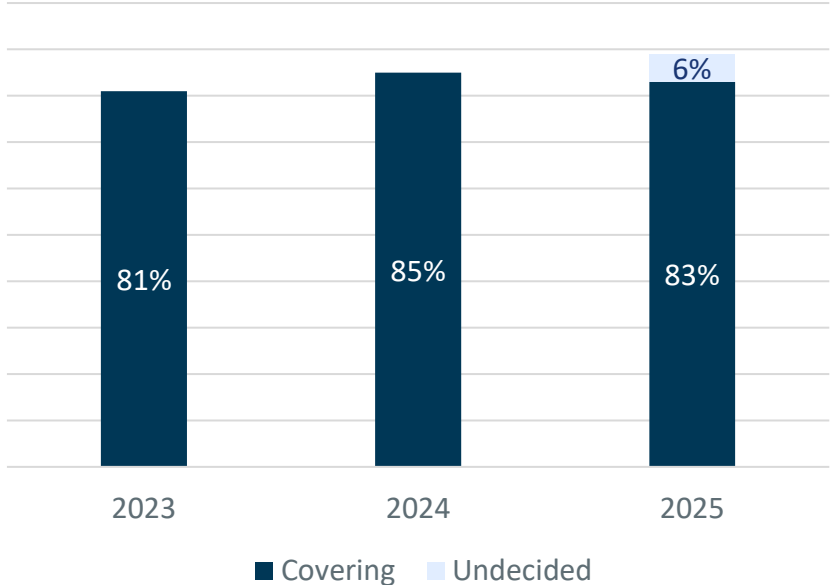
SEMAGLUTIDE	TIRZEPATIDE	RETATRUTIDE
GLP-1R (glucagon-like peptide-1 receptor)	GLP-1R (glucagon-like peptide-1 receptor)	GLP-1R (glucagon-like peptide-1 receptor)
	GIPR (glucose-dependent insulinotropic polypeptide (GIP) receptor)	GIPR (glucose-dependent insulinotropic polypeptide (GIP) receptor)
		GCGR (glucagon (GCG) receptor (GCGR))



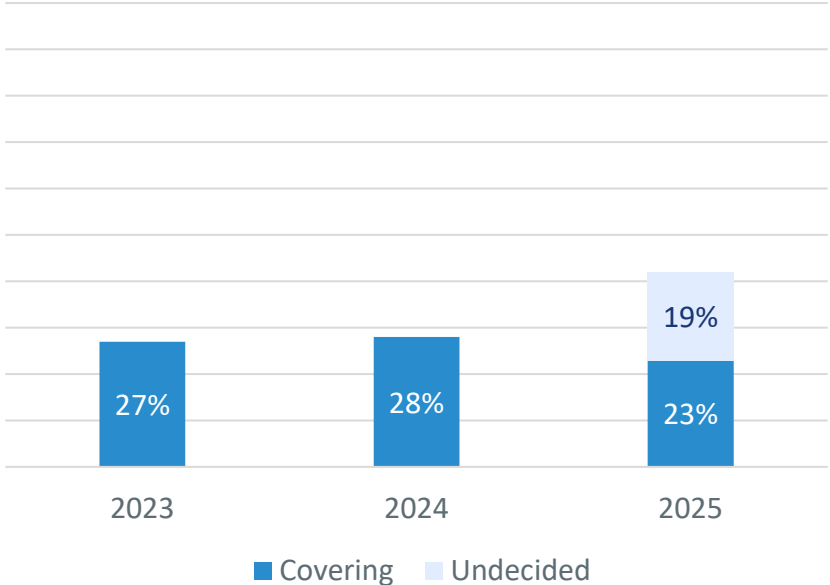
Employers coverage of at least a portion of GLP-1 medication costs

[HCIT 2024 Annual Employer Health Benefits Survey](#) (Truist) Oct. 2024

Diabetes



Weight Loss



Studies on value of weight loss drugs

Do the outcomes justify the cost and risks?



- Health-benefit price benchmark for semaglutide is **\$7,500** to **\$9,800** per year, representing a discount from the wholesale acquisition cost of **44% - 57%**.
- Majority of ICER panelists found semaglutide combined with lifestyle modification represents “low” long-term value for money overall and “low” long-term value for money compared to legacy weight loss products, like Qsymia.
- The lifetime cost of Wegovy is \$274K and medical offsets are \$62K for a net lifetime cost of **\$213K**

Source: Institute for Clinical & Economic Review (ICER). December 2023



GLP-1 Compounding Considerations

Semaglutide (Ozempic, Rybelsus, Wegovy) Tirzepatide (Mounjaro, Zepbound)

- Compounded GLP-1s are unregulated and NOT FDA-approved
- Risks include adverse events related to dosing errors, overdosing, use of salt forms (semaglutide sodium and semaglutide acetate), and use of retatrutide
- Through November 30, 2024, the FDA has received¹:
 - 392 reports of adverse events with compounded semaglutide
 - 215 reports of adverse events with compounded tirzepatide
- Weight loss companies are working with an FDA-regulated 503B compounding pharmacy to produce private labeled GLP-1s
- Shortage status:
 - FDA has determined the tirzepatide shortage is resolved as of 12/19/24.
 - Other GLP-1s remain on FDA shortage list (dulaglutide, semaglutide, and liraglutide), though availability appears to be improving.²
 - Novo Nordisk pushing FDA to add GLP-1s to the Demonstrable Difficulties for Compounding (DDC) list, which would prohibit compounding pharmacies from compounding semaglutide due to potential safety and risks.

1 – <https://www.fda.gov/drugs/postmarket-drug-safety-information-patients-and-providers/fdas-concerns-unapproved-glp-1-drugs-used-weight-loss> a

2 - <https://www.fda.gov/drugs/drug-safety-and-availability/fda-clarifies-policies-compounders-national-glp-1-supply-begins-stabilize>



Best practices in GLP-1 management strategies

Formulary management	Branded and generic versions of GLP-1's included on formularies to provide options for patients.
Step Therapy	Patients must first try more cost-effective, lower-risk medications before moving on to GLP-1s
Benefit design	Employing a range of coverage options and cost-sharing structure to meet the unique needs of the client population.
Adherence measures	Ensure patients are adhering to their prescribed regimen, which can be done through constant follow-ups, personalized communication, tailored education, and support services.
Health management programs	Integrated care programs (like Diabetes and Weight Management Programs) to ensure appropriate use and maximize health outcomes.
Real-world evidence	Using real-world data and evidence to guide decisions about GLP-1 use, including comparisons of effectiveness among different drugs.

Weight Management Program

A digital-first, whole-health approach to managing healthy weight and use of weight loss drugs

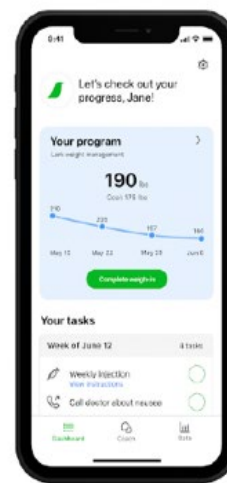
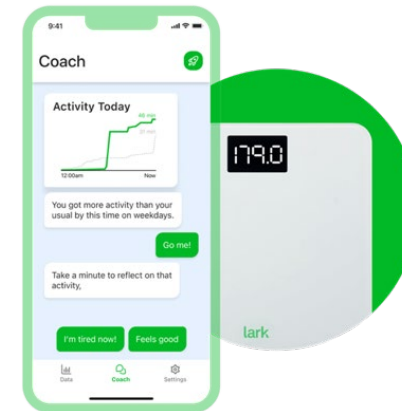
Delivering personalized engagement for our members based on clinically focused guidelines, insights, and screenings

Digital-first, evidenced-based program to help members achieve weight loss

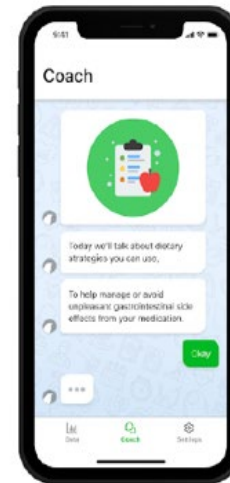
- High-touch, digital, and telephonic personalized coaching.
- Comprehensive solution focused on behavior modification and care coordination (Behavioral Health (BH) and Social Determinants of Health (SDOH)).
- Connected digital scale.
- Connectivity through a variety of sources including Fitbit, Apple Health, and Google Fit and smartphone motion sensors.
- Participation in the program is synchronized with benefit coverage*

5%–10%

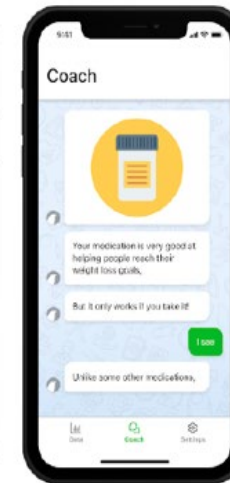
Projected weight loss¹



Personal Dashboard



Mitigating Medication Side Effects



Medication Adherence



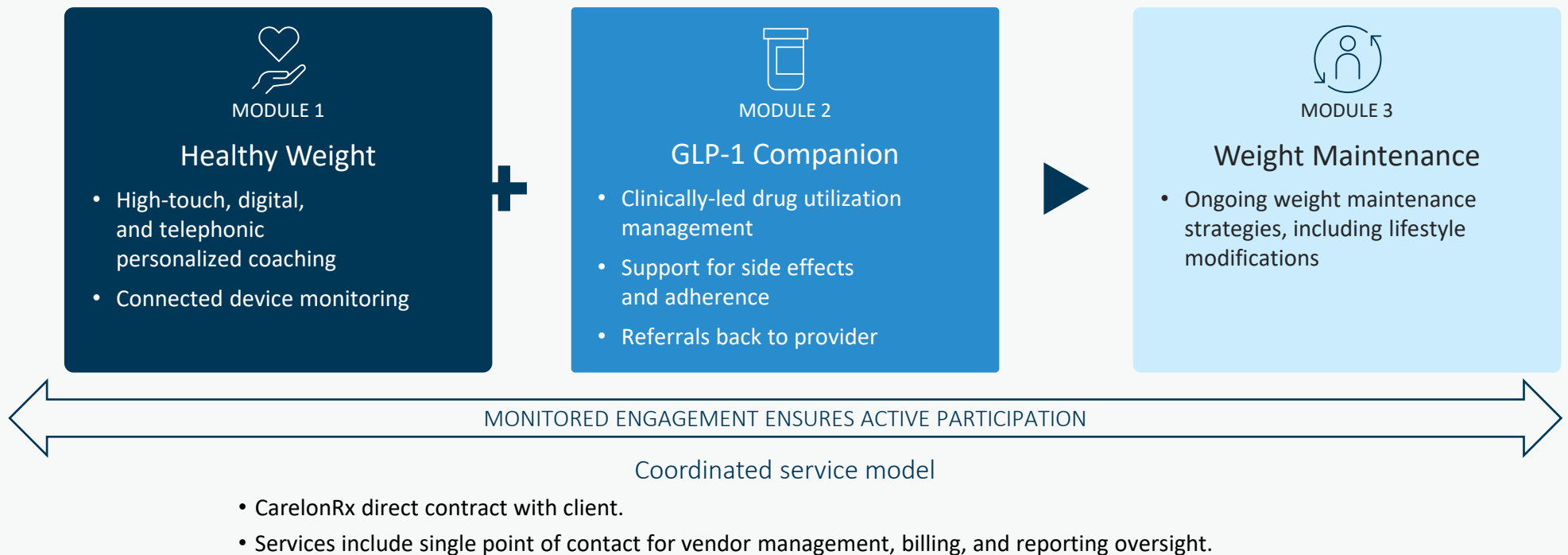
Connected Scale

¹ Napoli R, Berra C, Catarig AM, Di Loreto C, Donatiello E, Berentzen TL, Pitocco D, Giorgino F. Once-weekly semaglutide use in patients with type 2 diabetes: real-world data from the SURE Italy observational study. Diabetes, Obesity and Metabolism. 2023 Jun 1. *Applies to those clients offering coverage for weight loss medications. Engagement data provided by Lark to audit participation in the WMP.

Supporting members along their weight management journey

Powered by CarelonRx and Lark

This program is intended for members 18yrs+ with a BMI \geq 25



Weight Management Program Coaching and DEMO

Chatting with Lark

Coach Screen

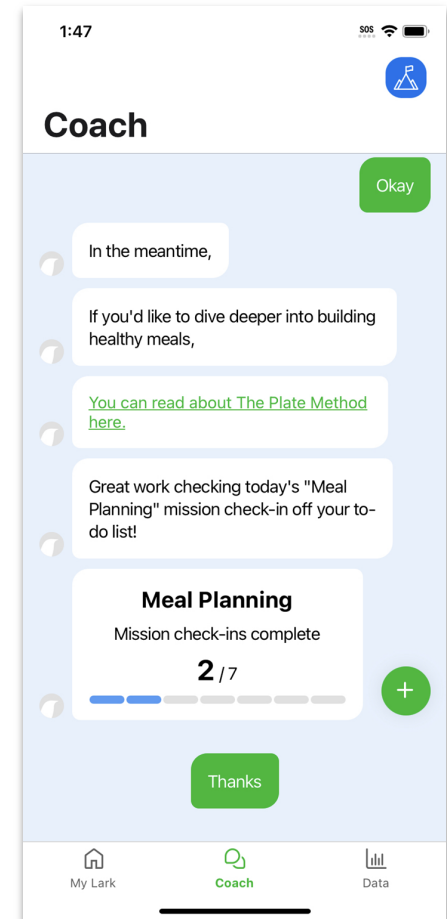
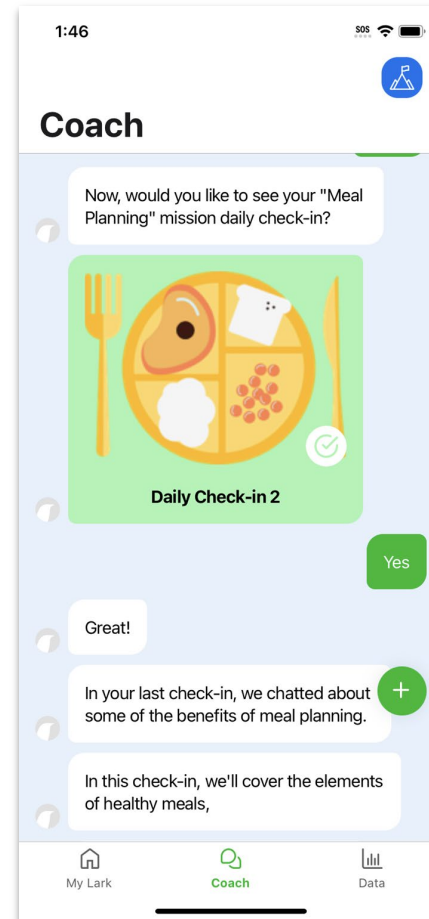
Members can go through **guided coaching conversations** about their activity, sleep, and other health factors

Educational Curriculum

Members will complete **missions and daily check-ins** with the Coach

Step by Step

Guided conversations with Lark **keep members on track** with their goals and achieving a healthy lifestyle



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