

Skyrocketing Pharmaceutical Costs and Their Impact to Employers and Their Employees

Pharmaceutical Cost Growth

Year	Medical Spend Per Member Per Year	Rx Spend Per Member Per Year
2017	\$4,240	\$1,168
2018	\$4,315	\$1,265
2019	\$4,505	\$1,386
% Growth	6.25%	18.66%

Rise in employer pharmacy spend

18.7%

vs.

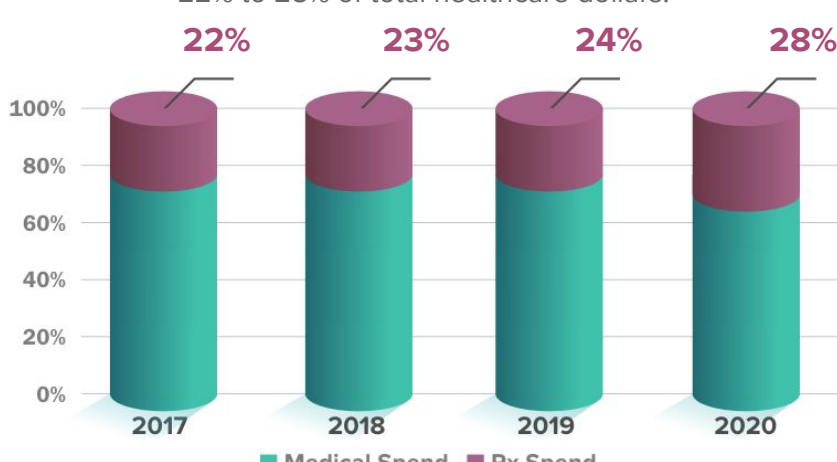
6.25%

Rise in employer medical spend

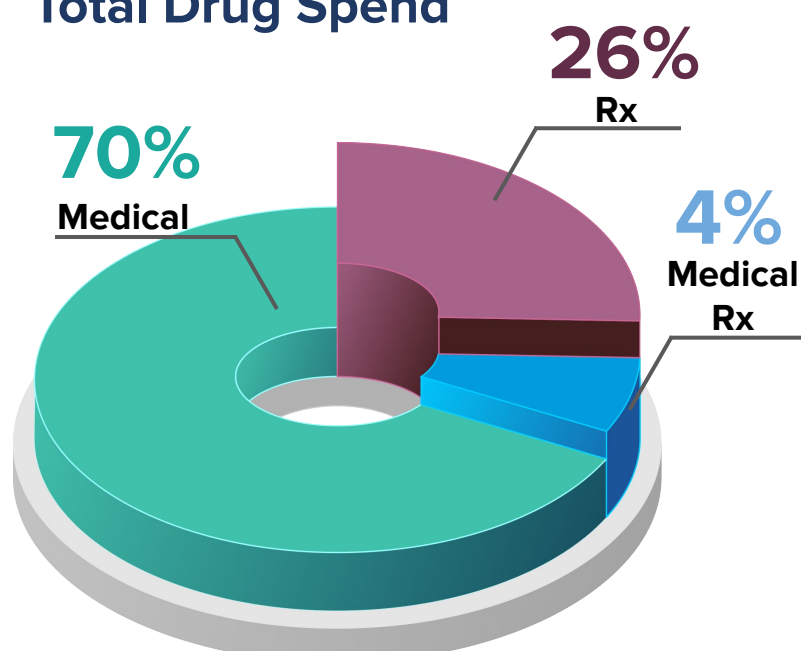
28% of an employer's total healthcare spend is made up of pharmacy costs.



Since 2017, pharmacy costs rose from 22% to 28% of total healthcare dollars.



Total Drug Spend



Medical Rx drug purchases are buried within an employer's medical pharmacy spend and generally NOT within the purview of their PBM.

* July 2019 through June 2020

Employers may be missing a key opportunity to reduce the amount spent on Rx because they are not adequately controlling the pharmacy spend under medical.

Wasteful Spending

For every \$1M spent on Pharmacy costs, 3% is spent on higher cost drugs that have no additional clinical value over lower cost alternatives.



Insulin Treatment

Humalog KWIK injection - \$1,000

Novolog Flexpen - \$580

42% Higher

Analgesics

Duexis - \$450*

Ibuprofen + Famotidine \$51

9X Higher

Oral Diabetes

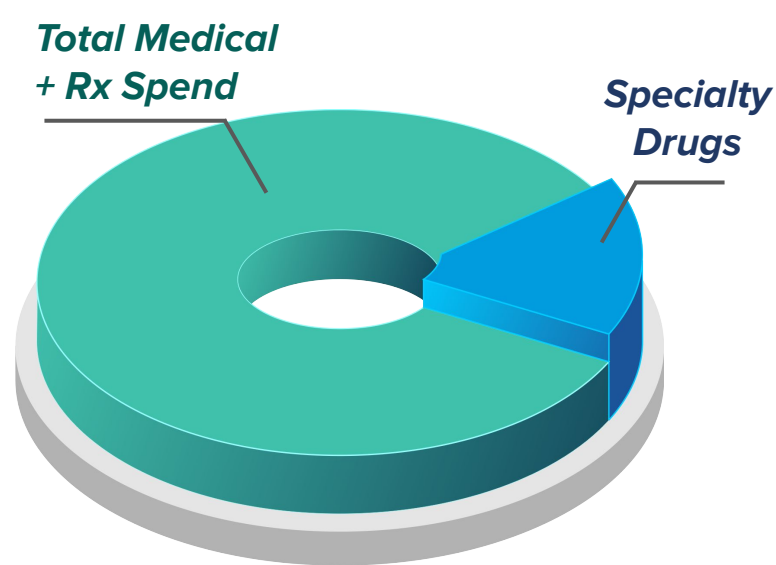
Metformin 1,000mg ER Tablet - \$2,700*

Metformin 500mg ER Tablets - \$26*

100X Higher

* Cost for a 30 Day Supply

Specialty Drugs



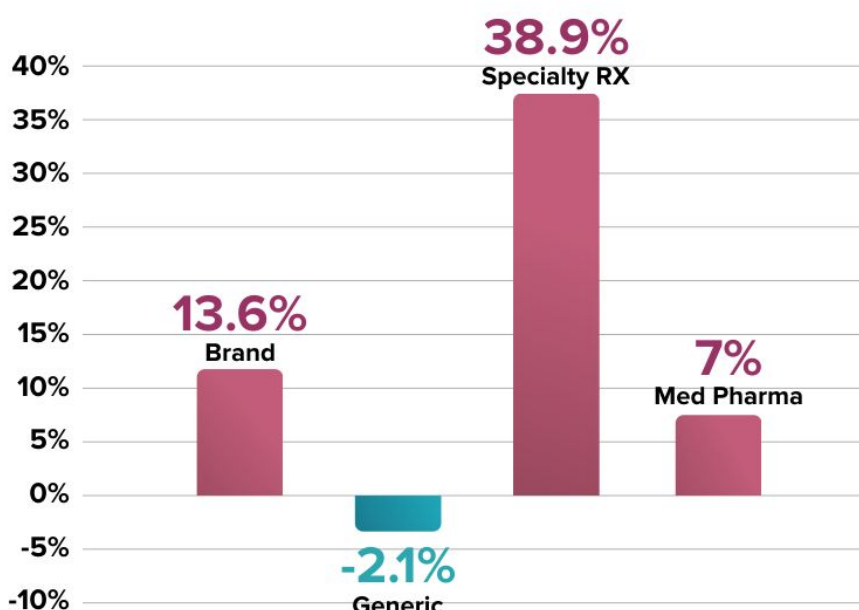
19%

of all Rx dollars are spent on specialty pharmacy medications.

For every \$2.28 spent on specialty drugs billed under the pharmacy program, \$1 is spent under medical.

39%

Growth of Specialty Rx Costs from 2018 to 2019.



Infliximab is an infusion used to treat conditions such as Crohn's Disease, Ulcerative Colitis and Rheumatoid Arthritis. The average cost is \$8,400 if infused at an outpatient hospital vs. \$4,200 in an office; a 50% reduction in cost based on the site of care used.

To see how Innovu can identify the savings opportunities in your pharmaceutical spend, contact us at sales@innovu.com.

Data based on aggregated employer data as permitted by data usage agreements.