

Prescription Drug Utilization and Cost Trends

Pension and Health Benefits Committee

October 15, 2013

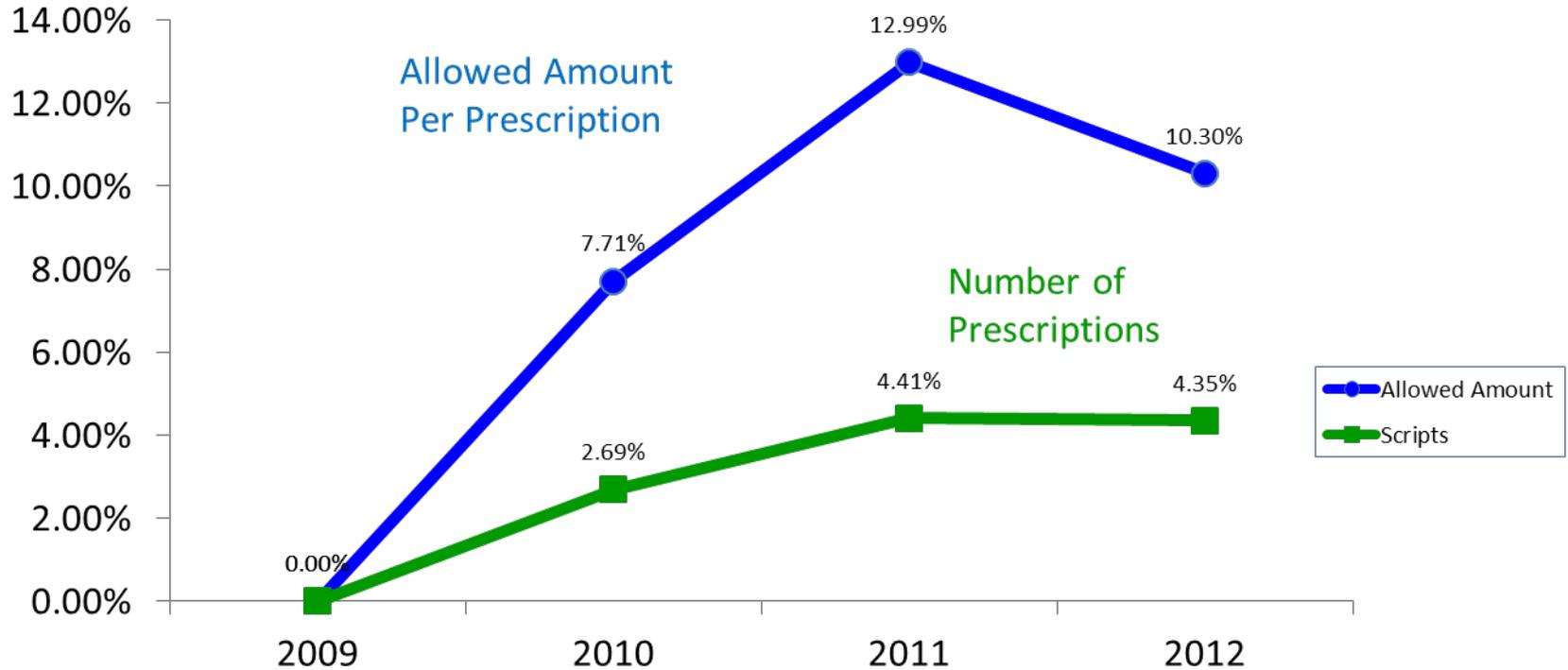
Melissa Mantong, PharmD

CalPERS Pharmacist

- Trends in prescriptions and costs
- Generic dispensing trends
- “Member Pays the Difference” program savings
- Specialty drug trends

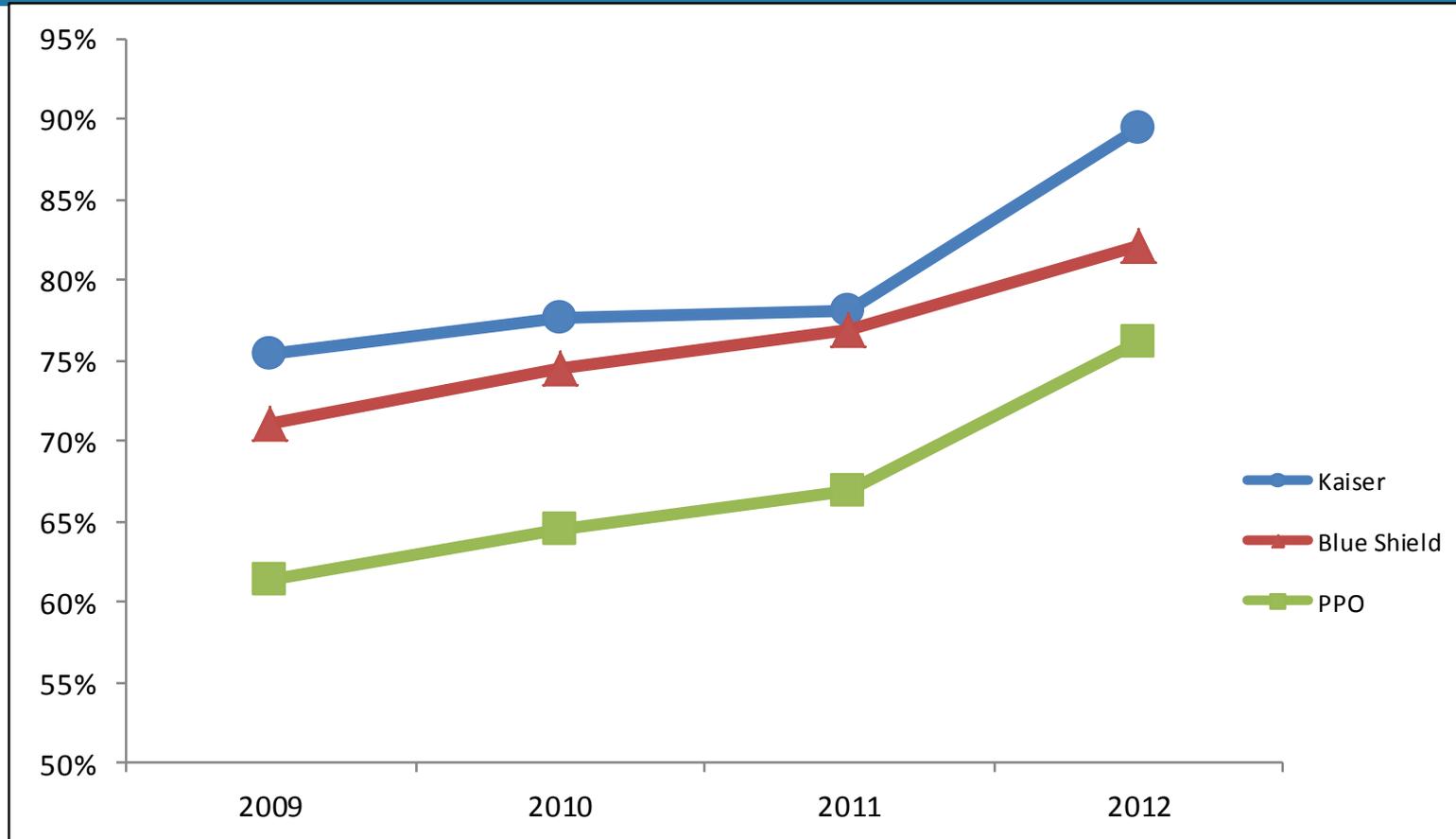


Cost Per Prescription and Number of Prescriptions Have Increased



Source: CalPERS HCDSS, all plans

Generic Dispensing Trends



2009-2012 Increases by Plan

- Kaiser (HMO): 14% (from 75% to 89%)
- Blue Shield (HMO): 11% (from 71% to 82%)
- PPO: 15% (from 61% to 76%)



Member Cost Share

All Prescriptions	2009	2010	2011	2012
Number of Scripts	15,820,949	16,247,167	16,517,941	16,509,258
Allowed Amount (millions)	\$1,335	\$1,438	\$1,508	\$1,472
Member Cost Share Amount (millions)	\$167	\$186	\$191	\$194
Member Cost Share %	12.5%	13.0%	12.7%	13.1%



Member Pays the Difference (MPD) Example: Zocor® vs simvastatin

Generic simvastatin -- Member copayment is \$5 for one-month supply

Zocor® (brand-name) -- MPD calculation follows*:

Cost to plan for Zocor®	Cost to plan for generic simvastatin	Difference	Generic copay
\$100	\$15	\$85	\$5

Member Pays \$90

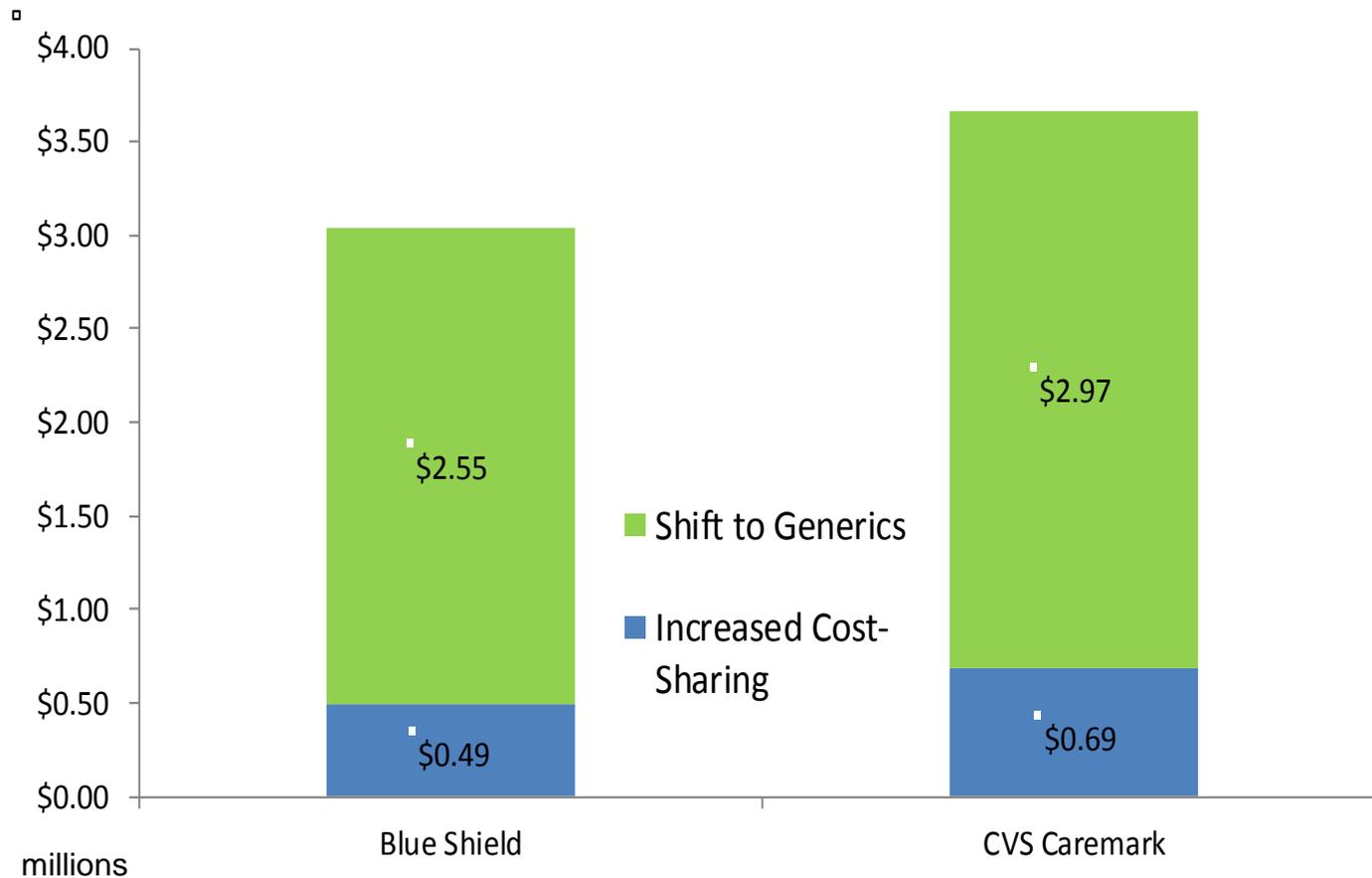
*CalPERS has an exception process when brands are requested by a prescriber and are medically necessary.



Member Pays the Difference

2012 Estimated Savings

Total Program Savings: \$6.7 million
(\$3.0 million Blue Shield, \$3.7 million CVS Caremark)





2012 Top Ten Specialty Drugs*

Drug Name	Primary Indication	Allowed Amount
ENBREL	Rheumatoid Arthritis	\$34,316,098
HUMIRA	Rheumatoid Arthritis	\$27,389,931
COPAXONE	Rheumatoid Arthritis	\$22,749,588
REVLIMID	Cancer	\$16,970,747
GLEEVEC	Cancer	\$10,224,870
AVONEX	Multiple Sclerosis	\$10,213,466
INCIVEK	Hepatitis C	\$7,381,619
XELODA	Cancer	\$4,812,957
REBIF	Multiple Sclerosis	\$4,777,871
NEUPOGEN	Neutropenia	\$4,638,546

*Across Blue Shield, CVS Caremark, and Kaiser, defined using CVS Caremark criteria.



Specialty Drugs*

	2009	2010	2011	2012
Number of Specialty Drug Scripts	59,177	64,960	69,324	81,276
Specialty Drug Scripts as a % of Total Scripts	0.37%	0.40%	0.42%	0.49%
Specialty Drug Allowed Amount (millions)	\$146	\$175	\$209	\$254
Specialty Drug Allowed Amount as % of Total	11.0%	12.2%	13.9%	17.3%
Specialty Drug Member Cost Share Amount (millions)	\$1.34	\$1.48	\$1.69	\$2.22
Specialty Drug Member Cost Share %	0.92%	0.84%	0.81%	0.87%

*Across Blue Shield, CVS Caremark, and Kaiser, defined using CVS Caremark criteria.

Summary

- Prescription costs continue to increase, driven by utilization, inflation, and high-cost pharmaceuticals.
- Generic dispensing rates continue to increase and are expected to increase with “Member Pays the Difference” and several upcoming brand patent expirations.
- Specialty drug use and costs continue to increase.