



A CommunityLens™ Case Study

## Rx Price Hike Takes Toll on Pittsburgh Employers

April 2017



# Rx Price Hikes Take Toll on Pittsburgh Employers

Prescription costs are causing headaches for PBGH and its employer members, who experienced a 95% increase claims costs for EpiPen since 2014<sup>1</sup>. Insulin costs have jumped 400% since 2004<sup>1</sup>.

As part of PBGH's CommunityLens service, Innovu analyzed de-identified data within PBGH's growing member data set of 125,000 employees between 2013-2017.

## Financial Impact of Two Life-Saving Drugs

### EpiPen

The cost of EpiPen®, a life-saving medical injection for people with severe allergies, has increased more than 95% over the past four years. Employers experienced a 20% increase in allowed payments in the 12 months of 2016 vs. 2015. The price increase affected more than 1,500 of the PBGH members' employees (2% of the total population analyzed) each year, primarily dependents under the age of 18 (Figures 1-2).

Figure 1. EpiPen Member by Relationship

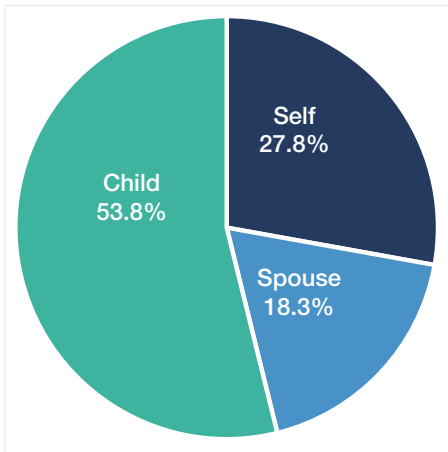
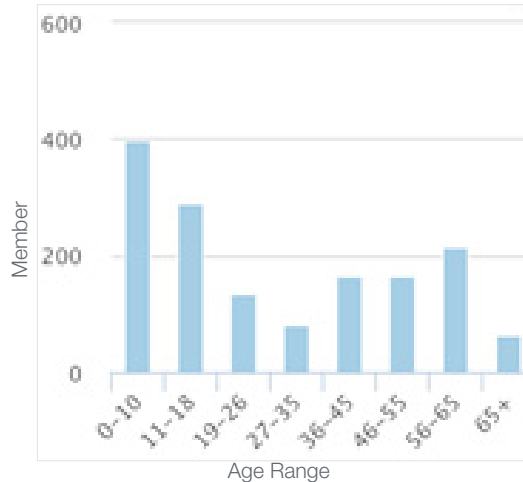


Figure 2. EpiPen Member by Age Range



### Generic Equivalents Offer Relief

The price per EpiPen claims continues to rise, now averaging \$450 per two dose package. With allergy season ready to bloom, employers may see some relief with the availability of two new generic equivalents to the EpiPen.

The manufacturer of EpiPen now markets a generic version under the name epinephrine auto-injection at half the cost of the brand name drug. A second generic from a different manufacturer, Adrenaclick® is available at one-third the cost.

The impact of these new generics was to be felt beginning in February 2017, but our data shows limited use to date. The generics accounted for less than ten percent of the total epinephrine auto-injection claims in March 2017 (see Figures 3-4 on the following page).

EpiPen costs increased **95%** since 2014.

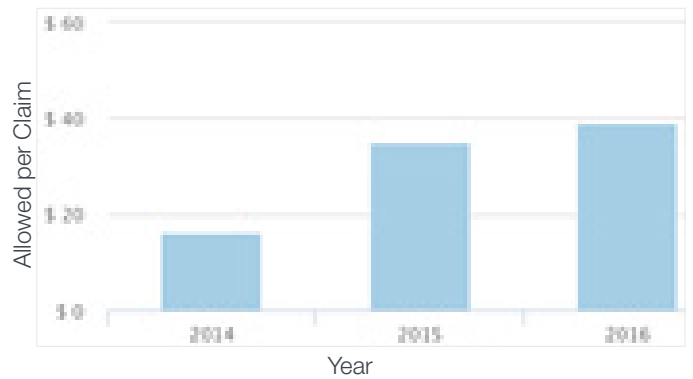
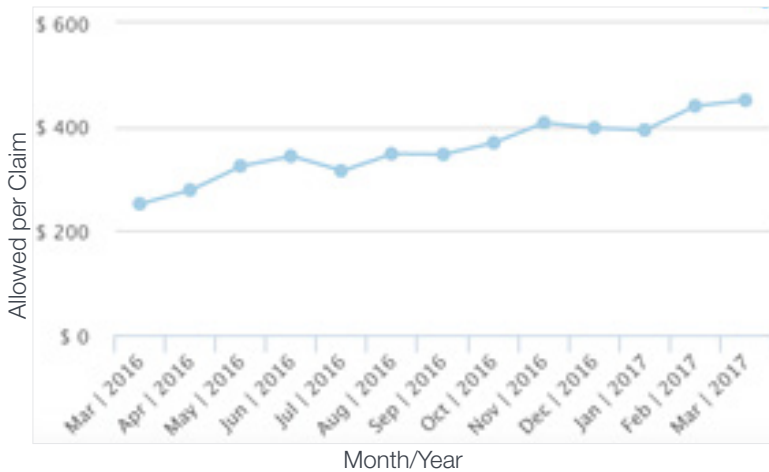
Since 2014, insulin costs jumped **400%**.

Generics cost **33-50%** less than EpiPen.

<sup>1</sup>Source: <http://www.nbcnews.com/business/consumer/insulin-new-epipen-families-facing-sticker-shock-over-400-percent-n667536>

Figure 3. EpiPen Allowed Cost per Claim, Last 12 Months

Figure 4. EpiPen Allowed Cost per Claim, by Year



### Assessing Your Risk

While the regional perspective is useful, it doesn't provide insight about what's happening specific to your population. Questions you should ask yourself, advisors, and vendors when assessing your risk include:

- Are the new generics on your formulary? If so, how has that impacted your employees?
- How has the EpiPen price increase affected my employees?
- Has the hike resulted in fewer claims within my population?

### Insulin

Since 2004, the price of some insulins like Humalog®, Lantus®, Levemir®, and Novolog® have increased by more than 400%<sup>1</sup>. This could be impacting your employees and their families' ability to pay for insulin and causing them to poorly manage their conditions.

Innovu analyzed the same 125,000 members in the PBGH data set to uncover the impact insulin price increases have had in our region. We found that most of the members impacted (81%) were over age 45 (Figures 5-6).

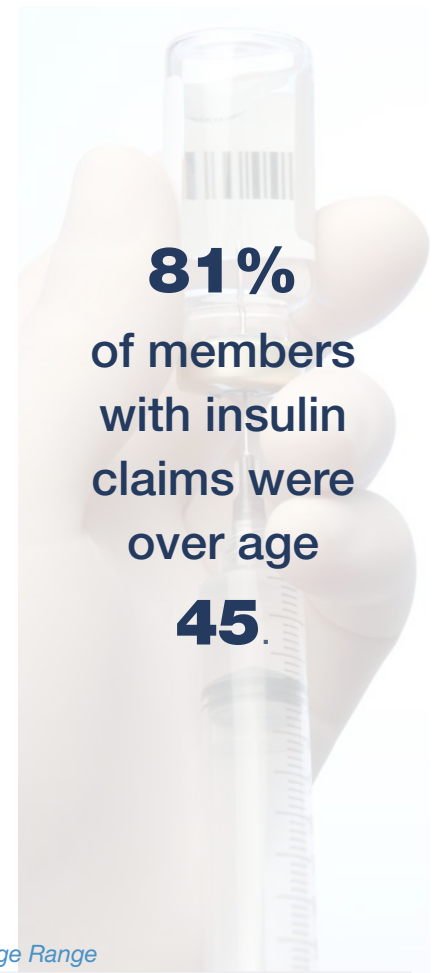


Figure 5. Insulin Members by Relationship

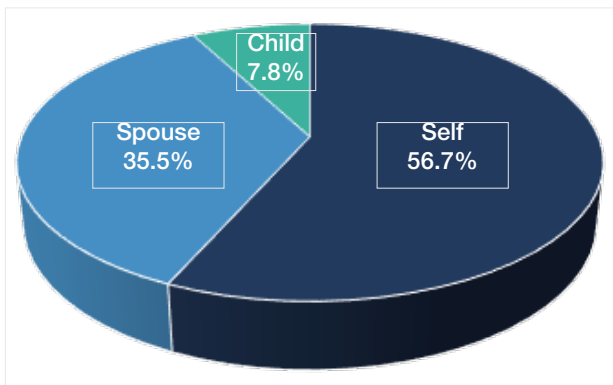
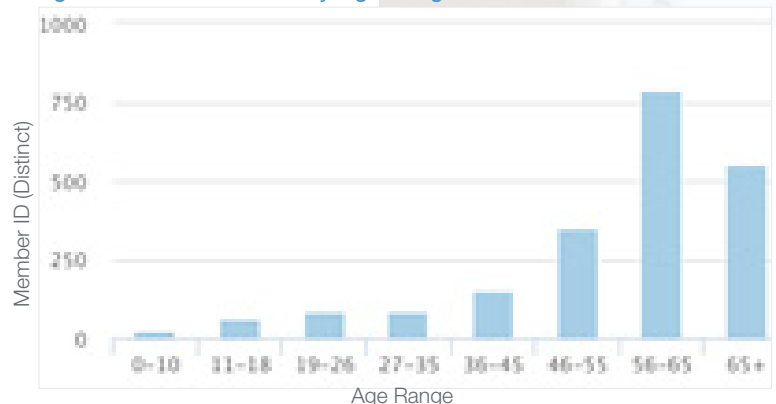


Figure 6. Insulin Member by Age Range



## Financial Impact

The cost is significant for both employers and employees/families:

- Allowed cost per insulin claim has increased 166% since 2014 with employers paying more than \$7 million for insulin in 2016.
- The cost increase also impacts employees. In 2016 members paid over \$650,000 in total out-of-pocket costs. The average out-of-pocket cost increased from \$16 in 2014 to \$39 in 2016.
- More than 2,000 members had claims for these brands of insulin
- 57% of the claims are generated by employees.

## Employee/Families Impact

Your employees/families saw their financial impact rise by 142%, from an average out-of-pocket payment of \$16 in 2014 to \$39 per claim in 2016 (Figures 7-8).

Figure 7. Insulin Member Out of Pocket (Copay)

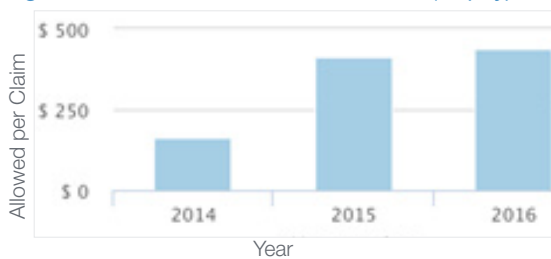


Figure 8. Insulin Allowed Cost per Claim

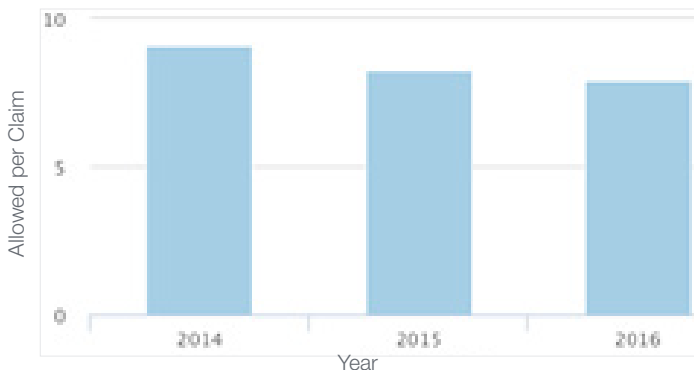


It is critical that your employees/dependents using insulin their diabetes adhere to their prescription regimens to prevent complications, such as damage to the eyes, nerves, kidneys, and heart. These complications not only impact their quality of life, they contribute significantly to the healthcare costs of the employers who cover the them.

## Claims Volume has Decreased

While the allowed and average member out-of-pocket costs for insulin have increased for PBGH GroupLens employers and their employees/families each year since 2014, the average number of claims per covered member has decreased (Figure 9).

Figure 9. Insulin Utilization



## Assess Your Risk

In March 2017, a class action lawsuit was filed alleging collusion between the insulin manufacturers and prescription benefit managers to increase profits by raising retail prices. While this plays out in court, you should understand how these price increases are affecting your employees and their families.

- Are your members taking less insulin, putting their health at risk?
- Do you have Intervention programs to ensure adherence?
- Have you had an increase in medical claims?

Employer costs increased **166%** between 2014-2016.

Employee/family costs rose **142%**.

Let Innovu help you understand your risk.

[www.innovu.com](http://www.innovu.com)

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