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Prime Therapeutics Releases Annual Drug Trend Insights Report

Annual spending on prescription drugs posts lowest increase ever recorded; rising acceptance of generic medications and flat usage rates offset effects of inflation

ST. PAUL – Prime Therapeutics, a thought leader in pharmacy benefit management, today released its *2008 Drug Trend Insights* report which revealed that its 2007 prescription drug trend increased by just 2.9 percent – the lowest annual increase it ever recorded, and less than half of what the company recorded in 2006.

Tim Dickman, Prime Therapeutics’ president and CEO, said the biggest factor in the low drug trend was the rising acceptance of generic medications, which shifted the drug mix toward lower cost drugs and offset cost increases due to inflation. Prime’s generic drug utilization rose five percent during 2007, to 56.7 percent of total prescriptions filled.

“We’re very encouraged with how we’ve been able to drive generic utilization for our members and consumers because we know that the use of generic medications is the most effective way to keep prescription drug spending manageable,” said Dickman. “A lack of blockbuster drugs in the pharmaceutical development pipeline along with increasing acceptance of generic drugs by consumers suggests that the low increase we saw during 2007 will be sustained for some time to come.”

According to the U.S. Centers for Medicare and Medicaid Services, spending on prescription drugs accounts for approximately ten percent of total health care expenditures each year. As the most commonly accessed health benefit, the sector provides unique opportunities to slow or reduce the rising costs of health care, helping to keep coverage as affordable and accessible as possible.

In addition to overall drug spending, the 2008 Drug Trend Insights found that during 2007:

- Prescription fill rates were relatively flat – up just two percent from 2006.

- Cholesterol (lipid lowering) medications represented the largest drug cost category (8.6 percent of total drug spending), followed by medications for blood pressure management and depression.
- Lifestyle drugs (contraceptives, smoking cessation medications, acne treatments and other prescriptions pursued for reasons other than illness) saw the greatest annual spending increase among all drug categories, at 24 percent.
- The fastest growing per member per month (PMPM) drug spending was seen for attention deficit hyperactivity disorder (ADHD), anticonvulsant (for management of seizures) and respiratory disorder medications, respectively.
- Specialty drugs (those drugs generally prescribed for people with complex, ongoing medical conditions such as multiple sclerosis, hemophilia, hepatitis and rheumatoid arthritis) accounted for 14.1 percent of drug expenditures, and an overall increase in spending over 2006 of 8.9 percent.

Most notable in the area of quality improvement, the report cited two Prime studies that found a correlation between out-of-pocket costs and the length of time members continue taking prescribed medications. Specific to specialty drugs, where out-of-pocket costs can be extremely high under traditional plan structures, Prime found that members facing a copay greater than \$250 were 4.6 times more likely to decline to fill the prescription. This can result in decreased quality of life and lead to even more expensive in-hospital costs. For this reason, Prime recommends that plans consider including an out-of-pocket maximum on co-pays for specialty drugs.

Drug Trend Insights is Prime's annual report on the factors that influence prescription drug spending, along with a review of its efforts to control cost increases while improving health care quality. Prime publishes this report to help clients better understand the role of pharmacy benefits within the larger health care environment. Offering detailed data as well as insights on industry trends, the report can be used as a tool to guide future pharmacy benefit decisions.

For a copy of Prime Therapeutics 2008 Drug Trend Insights, visit www.primetherapeutics.com.

Prime Therapeutics LLC is a pharmacy benefit management company dedicated to providing innovative, clinically-based, cost-effective pharmacy solutions for clients and members. Providing pharmacy benefit services nationwide to approximately 14.6 million covered lives, its client base includes Blue Cross and Blue Shield Plans, employer and union groups, and third-party administrators. Headquartered in St. Paul, Minnesota, Prime Therapeutics is collectively owned by 10 Blue Cross and Blue Shield Plans, subsidiaries or affiliates of those Plans. Learn more at www.primetherapeutics.com.