25th ANNIVERSARY PROACT

2024

Drug Trend Report

Better Together.

Each year the employee owners of ProAct come together to discuss the trends that influenced our plan sponsors' spend in the previous 12 months and what trends we expect to continue into the next year.

In 2023, we saw the introduction of the first Humira biosimilar products to launch to market. Although there has been little impact to plan savings, we can compare the Humira biosimilar market share to other biosimilar categories, understanding that over time, the Humira biosimilar uptake will improve and plan savings will be realized. In the traditional space, we continued to see growth in the utilization of Glucagon-Like Peptide-1 (GLP-1) agonists. Although weight loss is a trend in which we expect research and plan spend to continue to increase, ProAct has put strategies into place that both manage plan spend while allowing plan sponsors to offer their employees a comprehensive prescription drug benefit. 2023 also brought a record level of drug shortages, increased government involvement in drug pricing, and announcements from three major manufacturers of insulin regarding major decreases in insulin list prices.

Looking ahead, we continue to expect oncology, neurology, and the weight loss category to be the main drivers of spending growth through 2027. As ProAct celebrates its 25th year in 2024, we are more committed than ever to supporting our plan sponsors by offering innovative solutions to help lower plan spend without sacrificing the care of our members. Within this year's edition of our annual Drug Trend Report, we share both industry trends, as well as ProAct specific information that validates our success in achieving our mission – *to create and promote lasting partnerships built on value, transparency, and evidence-based pharmacy benefit management solutions*. With clinical expertise and excellent service for those under our care – we continue to grow our business with the same integrity our employee owners invest in every interaction.

Industry Trends

Industry Trends: Biosimilars

Biosimilar Market Share

ProAct remains committed to leveraging the savings that biosimilars provide.

This is evidenced through our commitment to increase market share of biosimilars in the oncology, supportive care, and inflammatory spaces. Across the industry, the biosimilar market share for products like Herceptin, Avastin, Rituxan, Neupogen, Neulasta, and Remicade range from 36%-77%. These biosimilars, of course, have been available for some time as compared to Humira biosimilars, and has allowed for a greater opportunity for acceptance and savings.[1]

A **biosimilar** is a biologic that is highly similar to and has no clinically meaningful difference from another biologic that's already FDA-approved. Biosimiliars are administered the same way as the biologic medication and have the same strength, dosage form, and potential side effects as the biologic medication. A **biologic** drug is a medication that is derived from a living organism, this can include animal cells and microorganisms, such as yeast and bacteria.

Oncology[1]

Innovator Product	Biosimilar	Manufacturer	Launch Date
Herceptin (Trastuzumab)	Kanjiti	Amgen	July 2019
	Ogivri	Mylan	November 2019
	Herzuma	Celltrion/Teva	March 2020
	Trazimera	Pfizer	February 2020
	Ontruzant	Organon	April 2020

Biosimilar market share[2,9]

Supportive Care[1]

Innovator Product	Biosimilar	Manufacturer	Launch Date
Neulasta (Pegfilgrastim)	Fulphila	Biocon	June 2018
	Udenyca	Coherus	January 2019
	Ziextenzo	Sandoz	November 2019
	Nyvepria	Pfizer	December 2020
	Stimufend	Fresenius	February 2023
	Fylnetra	Amneal	May 2023

Biosimilar market share[2,9]

Supportive Care[1]

Innovator Product	Biosimilar	Manufacturer	Launch Date
Neupogen (Filgrastim)	Zarxio	Sandoz	September 2015
	Nivestym	Pfizer	October 2018
	Releuko	Amneal	November 2022

Biosimilar market share[2,9]

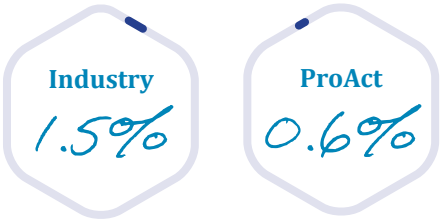
Inflammatory[1]

Innovator Product	Biosimilar	Manufacturer	Launch Date
Remicade (Infliximab)	Inflectra	Pfizer	November 2016
	Renflexis	Organon	July 2017
	Ixifi	Pfizer	December 2017
	Avsola	Amgen	July 2020

Biosimilar market share[2,9]

Biosimilar sales are just beginning for Humira (Adalimumab) at 1.5% of industry market share, mainly attributed to Amjevita, Adalimumab, and Yusimry.

Biosimilar market share[2,9]



Industry Trends: Biosimilars

Humira Biosimilar Product Launches[3]

Product(s)/*Manufacturer*	Citrate-Free	Interchangeable	Launch Date/Status	Annual WAC	Discount Off Brand Humira
50 mg/mL Concentration (40mg/0.8 mL)					
Humira/*AbbVie*	No	–	2002	$89,994	–
Amjevita (high WAC); Amjevita (low WAC)/*Amgen*	Yes	No[a]	1/31/2023	$85,494; $40,497	-5%; -55%
Abrilada (high WAC); Abrilada (low WAC)/*Pfizer*	Yes	Yes	10/2023; 12/2023	$85,494; $40,497	-5%; -60%
Cytelzo; Adalimumab-adbm/*BI*	Yes	Yes	7/1/2023; 10/2/2023	$85,494; $17,099	-5%; -81%
Hadlima/*Samsung Bioepis/Organon*	No	Seeking[b]	7/1/2023	$13,494	-85%
Hulio; Adalimumab-fkjp/*Biocon*	Yes	Seeking[b]	7/1/2023; 7/2/2023	$85,494; $12,935	-5%; -86%
Hyrimoz/ *Cordavis/CVS Health (Sandoz)*[c]	No	No	1/2024	$16,900	-81%
Idacio; Adalimumab-aacf/*Fresenius*	Yes	No	7/1/2023; 11/16/2023	$85,494; $11,687	-5%; -87%
Yusimry/*Coherus*	Yes	No	7/1/2023	$12,935; $7,400[d]	-86%; -92%
100 mg/mL Concentration (40 mg/0.4 mL)					
Humira; Adalimumab[e]/*AbbVie*	Yes	–	2015; Not Launched	$89,994; TBD	–; TBD
Amjevita HC/*Amgen*	Yes	Seeking	Launched	$18,008	-80%
AVT02/*Alvotech/Teva*	Yes	Seeking	Pending FDA[g]	–	–
Cyltezo HC/*BI*	Yes	Seeking	Development[h]	–	–
Hadlima HC/ *Samsung Bioepis/Organon*	Yes	Seeking[b]	7/1/2023	$13,494	-85%
Hyrimoz HC/ *Cordavis/CVS Health (Sandoz)*[c]	Yes	No	1/2024	$16,900	-81%
Hyrimoz HC; Adalimumab-adaz/*Sandoz*	Yes	No	7/1/2023	$85,494; $17,099	-5%; -81%
Yuflyma Adalimumab-aaty[f]/*Celltrion*	Yes	Seeking[b]	7/2/2023; Not Launched	$85,494; TBD	-5%; TBD
Yusimry HC[i]/*Coherus*	TBD	TBD	TBD	–	–

a It is unclear if Amgen is seeking interchangeability for the 50 mg/mL product.
b Launched as non-interchangeable biosimilar product. Approval for interchangeability will occur post-launch.
c CVS Health's Codavis launched a private-label version of Sandoz's Hyrimoz/HC in 1/2024. Sandoz has not launched original concentration Hyrimoz.
d Cash price for Yusimry through Mark Cuban Plus Drug Company.
e AbbVie received FDA approval of labeling for unbranded Humira (HC products only) on 11/3/2023. However, plans for if/when the product will launch and pricing are not available.
f Celltrion received FDA approval However, plans for if/when the product will launch and pricing are not available.
g Alvotech resubmitted the BLA in 8/2023; Biosimilar User Free Amendment goal date set for 2/24/2024. On 6/28/2023, Alvotech/Teva announced that the FDA issued a CRL for its BLA for AVT02, which contained data to support approval as a biosimilar to Humira and to support interchangeability. The CRL noted deficiencies in the manufacturing facility. Several CRLs were previously issued regarding BLAs for AVT02, also over manufacturing concerns.
h In August 2022, BI completed a Phase 1 study evaluating an HC version of Cyltezo.
i Coherus has dislosed its plans to launch and HC formulation of Yusimry.

Industry Trends: Biosimilars

Biosimilar Pipeline[4]

During 2023, the FDA approved nine new biosimilar agents: Avzivi, Tyruko, Tofidence, Wezlana IV and SQ, Udenyca Onbody, Udenyca autoinjector, and three adalimumab biosimilars. The growing pipeline of over 100 biosimilar approvals and launches will continue to provide future savings.

As new biosimilars come to market, ProAct will continue to conduct individual reviews of new biosimilar products for potential formulary placement. There are many factors ProAct considers when evaluating biosimilars – formulations/concentrations, pricing, ability to supply the market and drive conversions, and manufacturer market share to ensure we are providing the greatest overall value based on drug utilization.

Let's take a look a those that were FDA approved but pending launch, as well as those that are currently pending FDA approval or still in clinical trials.

Notable FDA Approved/Pending Launch

Molecule	Innovator Product (Manufacturer)	Biosimilar (Manufacturer)	Status
Inflammatory/Immunology			
Etanercept	Enbrel™ (Amgen)	Erelzi (Sandoz)	FDA approved, anticipated launch in 2029
		Eticovo (Samsung Bioepis)	FDA approved, anticipated launch in 2029
Tocilizumab	Actemra™ (Genentech)	Tofidence (Biogen)	FDA approved
Ustekinumab	Stelara™ (Janssen)	Wezlana (Amgen)	FDA approved, anticipated launch in Jan 2025
Neurology			
Natalizumab	Tysabri™ (Biogen)	Tyruko (Sandoz)	FDA approved

Notable Pending FDA Approval/Clinical Trials

Molecule	Innovator Product (Manufacturer)	Biosimilar (Manufacturer)	Status
Asthma			
Omalizumab	Xolair™ (Genentech)	ADL-018 (Kashiv Biosciences)	In clinical trials
		BP-11 (Aurobindo)	In clinical trials
		CT-P39 (Celltrion)	In clinical trials
		TEV-45779 (Teva)	In clinical trials
		GBR310 (Glenmark)	In clinical trials
Bone Health			
Denosumab	Prolia™ (Amgen)/ Xgeva™ (Amgen)	GP2411 (Sandoz)	Pending FDA approval
		AVT03 (Alvotech/Alvogen)	In clinical trials
		BMAB-1000 (Biocon)	In clinical trials
		CT-P41 (Celltrion)	In clinical trials

Bone Health *continued*

Molecule	Innovator Product (Manufacturer)	Biosimilar (Manufacturer)	Status
Denosumab	Prolia™ (Amgen)/ Xgeva™ (Amgen)	EB1001 (JHL Biotech/Eden Biologics)	In clinical trials
		ENZ215 (Alkem Labs)	In clinical trials
		FKSS18 (Fresenius Kabi)	In clinical trials
		HLX14 (Organon)	In clinical trials
		LY01011 (Luye Pharma Group)	In clinical trials
		LY06006 (Luye Pharma Group)	In clinical trials
		MB09 (Amneal)	In clinical trials
		Olimab (Intas)	In clinical trials
		RGB-14-P (Gedeon Richter)	In clinical trials
		SB16 (Samsung Bioepis)	In clinical trials
		TVB-009 (Teva)	In clinical trials
Inflammatory/Immunology			
Eculizumab	Soliris™ (Alexion)	ABP959 (Amgen)	Pending FDA approval
		SB12 (Samsung Bioepis)	In clinical trials
Golimumab	Simponi™ (Janssen)	AVT05 (Teva)	In clinical trials
		BAT2506 (Bio-Thera)	In clinical trials
Seckinimab	Cosentyx™ (Novartis)	BAT2306 (Bio-Thera)	In clinical trials
Vedolizumab	Entyvio™ (Millennium)	PB016 (Polpharma)	In clinical trials
Ophthalmology			
Aflibercept	Eylea™ (Regeneron)	ABP938 (Amgen)	Pending FDA approval, Quarter 3, 2024
		AVT06 (Alvogen/Alvotech)	In clinical trials
		CT-P42 (Celltrion)	Pending FDA approval, June 2024
		FYB203 (Formycon)	Pending FDA approval, June 2024
		SB15 (Biogen/Samsung Bioepis)	Pending FDA approval, Quarter 3, 2024
		SCD411 (Sam Chun Dang)	In clinical trials
		SOK583A1 (Sandoz)	In clinical trials
		Yesafili (Viatris/Biocon)	Pending FDA approval
Ranibizumab	Lucentis™ (Genentech)	LUBT010 (Lupin)	In clinical trials
		Xlucane (Bausch + Lomb)	Pending FDA approval

Industry Trends: Glucagon-Like Peptide-1 (GLP-1)

GLP-1 Updates[1]

Both the self-reported prevalence of obesity and the prevalence of diabetes diagnoses have increased significantly over the course of the last 10 years.

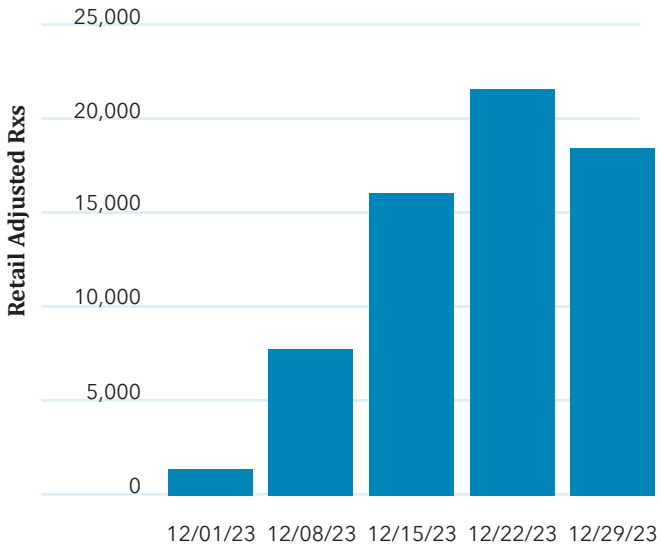
This increase has also led to the increase in the utilization of **Glucagon-Like Peptide-1 (GLP-1) agonists which are FDA approved and have demonstrated positive outcomes in the treatment of obesity and type 2 diabetes**. GLP-1 agonists like Ozempic and Mounjaro drove most of the volume growth among GLP-1s in 2023. These two products also had the greatest sales gains through November 2023 as compared to 2022 with an estimated increase in sales of over $18 billion combined.

This category of drugs has grown over 60% over the last 12 months, hitting $68.7 billion dollars in sales through November 2023 and, with the introduction of Zepbound in late 2023, is continuing to trend upwards. ProAct has been able to manage utilization through the most up-to-date clinical approval criteria, as well as offering our plan sponsors options in weight loss medication coverage.

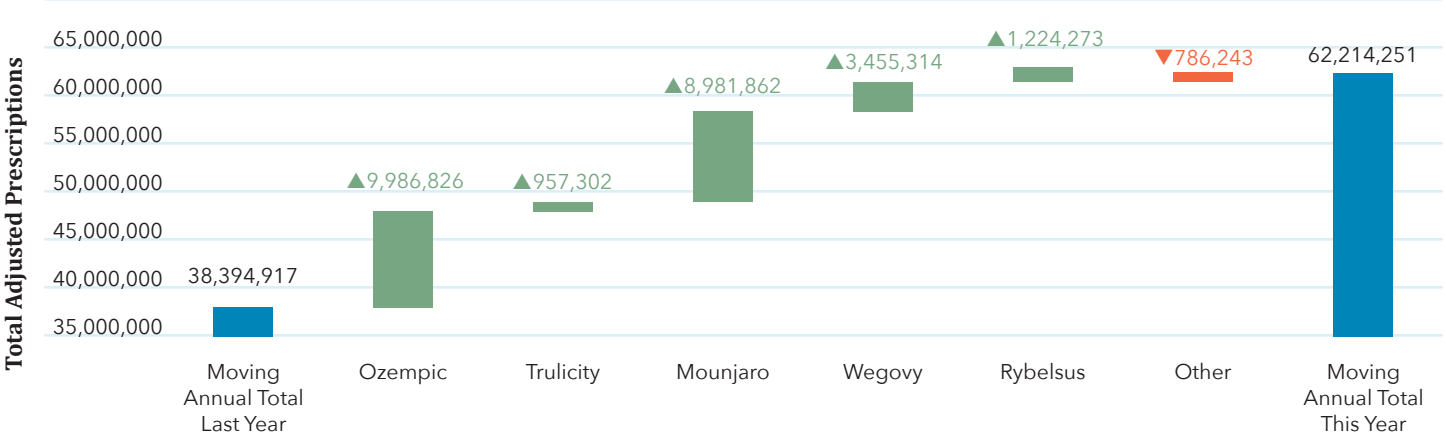
Top Ten Retail Products Highest One-Year Absolute Gains

Product	Nov 2022	Nov 2023	Difference
Ozempic	$11.9B	$21.1B	$9.1B
Mounjaro	$1.7B	$10.8B	$9B
Wegovy	$1.2B	$5.7B	$4.5B
Jardiance	$9.4B	$12.8B	$3.3B
Eliquis	$14.2B	$16.8B	$2.6B
Farxiga	$4.6B	$6.5B	$1.9B
Arexvy	$0	$1.3B	$1.3B
Comirnaty	$0	$1.3B	$1.3B
Spikevax	$0	$1.3B	$1.3B
Levemir Flexpen	$0	$1.1B	$1.1B

Zepbound Weekly Data 12/01 - 12/29/23



Growth of Top 5 Retail GLP-1 Products



ProAct is committed to leveraging the most up-to-date research in the development of GLP-1 clinical criteria.

The American Diabetes Association (ADA) emphasizes the use of GLP-1 and GIP/GLP-1 receptor agonists in patients with type 2 diabetes who would benefit from weight- and glycemic-lowering medications. As the ADA guidelines have evolved, GLP-1 RA or GIP/GLP-1 RAs have been suggested earlier in treatment. With an update to the 2024 type 2 diabetes diagnostic criteria, ProAct will be updating our clinical criteria with the below for plan sponsors with the standard prior authorization offering in place for patients new to therapy:

- Submission of two abnormal screening test results (A1C ≥6.5%; fasting plasma glucose [FPG] ≥126 mg/dL, 2-hour plasma glucose [2hPG] ≥200 mg/dL) per the 2024 T2D diagnostic criteria.
- Documentation of random plasma glucose (≥200 mg/dL) in an individual with classic symptoms of hyperglycemia or hyperglycemic crisis, measured either at the same time or at two different time points.

The above criteria will be added to the current criteria requiring a trial and failure to a metformin-containing drug therapy, unless patients with diabetes have documentation of comorbidities, which require treatment with a GLP-1 RA or a GIP/GLP-1 RA or a contraindication.

2023 Prior Authorization Approval/Denial Percentages[9]

Weight Loss Coverage Options[5]

ProAct continues to manage plan spend through utilization management edits to ensure that coverage of weight loss medications are based on appropriate FDA approved diagnoses and that clinical criteria is met.

ProAct has created six levels of coverage for FDA approved, weight loss medications. This will provide plan sponsors that choose to cover weight loss medications the ability to select an option that meets the needs of their membership.

Level 1:
Full Coverage

No prior authorization required.

Level 2:
Standard Coverage

Prior authorization required with standard criteria (BMI 30+ or 27+ with comorbidities, lifestyle modifications before and during treatment).

Level 3:
Restrictive Coverage

Prior authorization required with a BMI requirement of 40+.

Level 4:
Limited Coverage

Prior authorization required with a lifetime max benefit (i.e., one year of coverage).

Level 5:
Generic Only

Limits members to lower cost options in this category (i.e., phentermine).

Level 6:
No Coverage

Anorexiants fully excluded from coverage.

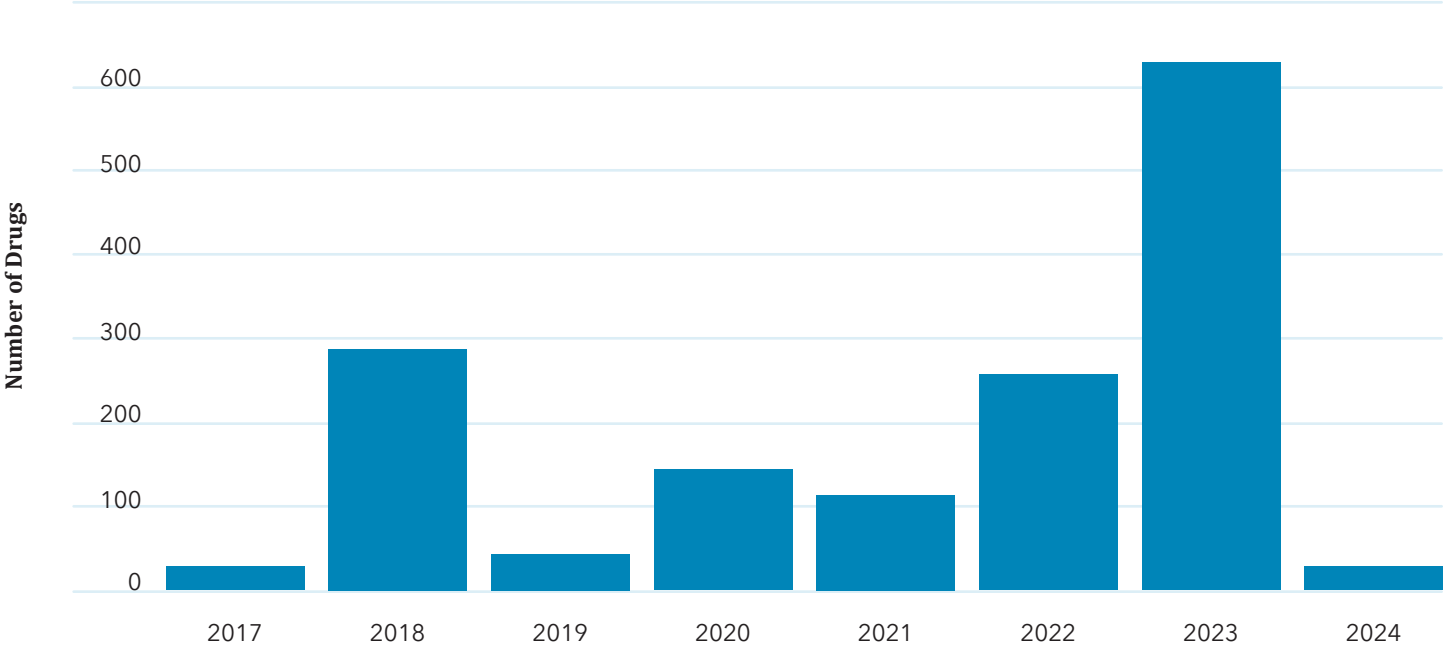
Industry Trends:

Drug Shortages[6]

While the number of drugs listed in the FDA Drug Shortages data set continues to remain high, ProAct has a system in place that can help alleviate concerns.

Reasons for drug shortages include increase in demand as well as limitations placed on drug manufacturers of controlled substances by the Drug Enforcement Administration (DEA). Due to increases in mental health and ADHD prescriptions, the greatest number of drug shortages fall within the psychiatric medication category.

Current Drug Shortages



In the event that our members experience a drug shortage, the following steps can be taken:

- Members are encouraged to check both their local pharmacy and ProAct's mail order pharmacy, ProAct Pharmacy Services, for drug availability. In the event that a member is able to source the medication locally, ProAct's customer service team will place an override for members that are required to fill maintenance medications at ProAct Pharmacy Services until the shortage is resolved.
- ProAct Pharmacy Services will continue to try to order a medication for a member until the shortage is resolved.* If there is a limited supply of the medication available, ProAct Pharmacy Services may limit refills to a 30-day supply until the shortage is resolved.
- Members are encouraged to contact their prescriber if they are unable to locate sufficient supply of their medication. In some cases, the members' prescriber can temporarily prescribe an alternative strength or medication, altogether.
- Members on maintenance medications are also encouraged to participate in their local or mail order pharmacy's automatic refill programs. These programs will typically refill the patient's medication when approximately 15% of the medication is remaining, allowing the member to proactively know when there is a drug shortage that may impact them and allow time to source the medication or work with their prescriber on an alternative.

* Member must have an active prescription on file.

Industry Trends:

Inflation Reduction Act (IRA)[7]

Signed into law in 2022, the Inflation Reduction Act (IRA) implemented numerous changes to prescription drug pricing and coverage under the Medicare Part D benefit that may lead to lower costs to the Centers for Medicare & Medicaid Services (CMS), but may indirectly impact commercial payers and potentially lead to higher drug costs overall.

Considerations:

- **Medicare Drug Price Negotiation Program**

  The Department of Health and Human Services along with Centers for Medicare and Medicaid Services selects certain high-cost, single-source drugs for negotiation of a maximum fair price (MFP) to begin January 1, 2026.

- **Medicare Inflation Rebates**

  Drug companies that raise the prices of certain drugs covered under Part B and Part D faster than the rate of inflation must pay Medicare a rebate penalty.

- **Medicare Insulin Copay Cap**

  Insulin member copay cap of $35 in the Medicare population, effective January 1, 2023.

Industry Trends:

Insulin and Average Manufacturer Price Cap[8]

The American Rescue Plan (ARP) Act of 2021 includes a provision that eliminates the statutory cap on rebates that drug manufacturers pay to Medicaid. Beginning in January 2024, Medicaid rebates will no longer be capped at 100 percent of the quarterly average manufacturer price (AMP).

The Centers for Medicare & Medicaid Services' efforts to remove the cap, whereby potentially increasing Medicaid rebates to states, is referred to as the AMP Cap Removal Project.

Drug manufacturers may experience a considerable rise in Medicaid rebate liability after the removal of the AMP cap in 2024, particularly for items with high inflation penalties that will raise the total rebate to more than 100% of AMP. As a result of this, some drug manufacturers have already or have plans to reduce their drug list price and rebates or discontinue certain products.

ProAct has identified products that will have reduced list prices and associated rebates in 2024. These products include Humalog, Novolog, Novolin, Lantus, and Victoza. This list is subject to change as drug manufacturers continue to evaluate drugs with high list price or high rebate, products that are currently capped at AMP or are very close to the cap, and product life cycle.

Percentage Decrease in List Price

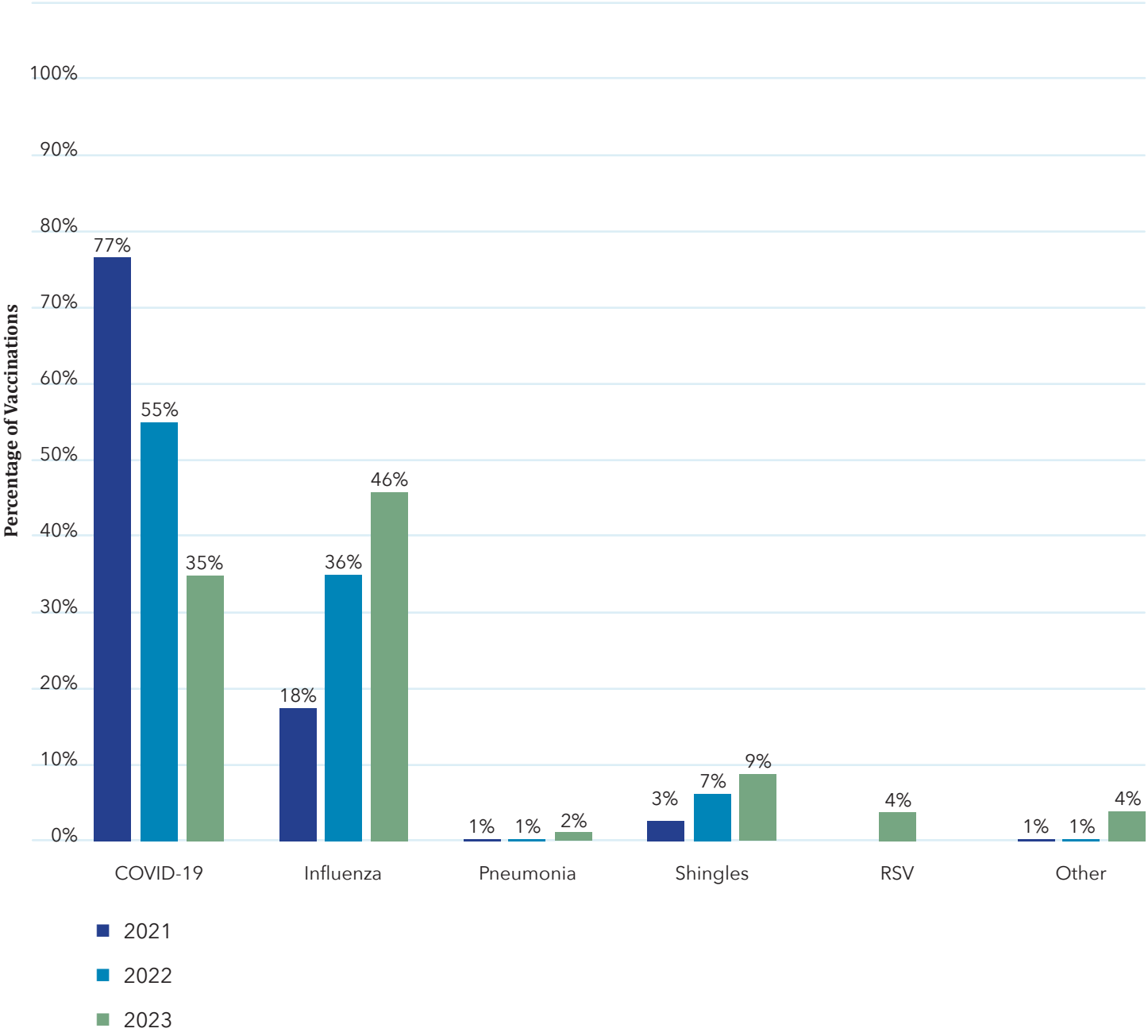
Novo Nordisk Products	
NovoLog (insulin aspart); NovoLog Mix (Insulin aspart protamine/insulin aspart) 70/30	▼75%
Insulin aspart (unbranded NovoLog); Insulin aspart protamine/insulin aspart 70/30 (unbranded NovoLog Mix 70/30)	▼50%
Levemir (insulin detemir); Novolin	▼65%
Sanofi Products	
Lantus (insulin glargine injection)	▼78%
Apidra (insulin glulisine injection)	▼70%
Lilly Products	
Humalog (insulin lispro)	▼70%

The ProAct Difference

The ProAct Difference:

Vaccinations[9]

In May 2023, the FDA approved Arexvy, the first respiratory syncytial virus (RSV) vaccine authorized for the prevention of lower respiratory tract disease (LRTD) caused by RSV in individuals 60 years of age and older. In August 2023, the FDA approved Abrysvo, the first RSV vaccine approved for use in pregnant individuals to prevent LRTD and severe LRTD caused by RSV in infants from birth through 6 months of age.



The ProAct Difference:

Traditional Therapies

Treatment of chronic conditions attributes to top five in traditional plan spend.

Within the traditional, non-specialty drug space, chronic conditions such as diabetes, ADHD, and asthma/COPD continue to lead in both cost and utilization for plan sponsors. In the top traditional therapy classes by plan spend at ProAct, the top four categories remained the same in 2023 as compared to 2022 while migraine products replaced antivirals.

2023 Top Traditional Therapy Classes by Plan Spend[9]

Rank	Therapy Class	Plan Spend		Utilizing Members	
1	ANTIDIABETICS	35.79%	▲3.82%	10.80%	▲.87%
2	ADHD/ANTINARCOLEPTICS	8.31%	▲3.16%	7.34%	▲1.39%
3	ANTIASTHMATIC & BRONCHODILATOR AGENTS	5.77%	▼1.28%	13.82%	▼.22%
4	ANTICOAGULANTS	4.47%	▼.77%	1.92%	▼.18%
5	MIGRAINE PRODUCTS	3.91%	▲.74%	2.81%	▲.24%

2023 Top Traditional Drugs by Plan Spend[9]

Rank	Product Name	Therapy Class	Plan Spend		Utilizing Members	
1	OZEMPIC®	ANTIDIABETICS	8.40%	▲2.60%	1.87%	▲.62%
2	MOUNJARO®	ANTIDIABETICS	4.98%	▲4.46%	1%	▲.74%
3	TRULICITY®	ANTIDIABETICS	4.53%	▼.96%	.83%	▼.07%
4	JARDIANCE®	ANTIDIABETICS	3.90%	▲.21%	1.25%	▲.20%
5	WEGOVY®	OBESITY/ANOREXIANTS	3.80%	▲3.02%	.75%	▲.57%

▼▲ Change from 2022

ProAct plan spend shifted away from mail towards retail by approximately 6.9% in 2023 as compared to 2022.

2023 Traditional Plan Spend by Retail and Mail[9]

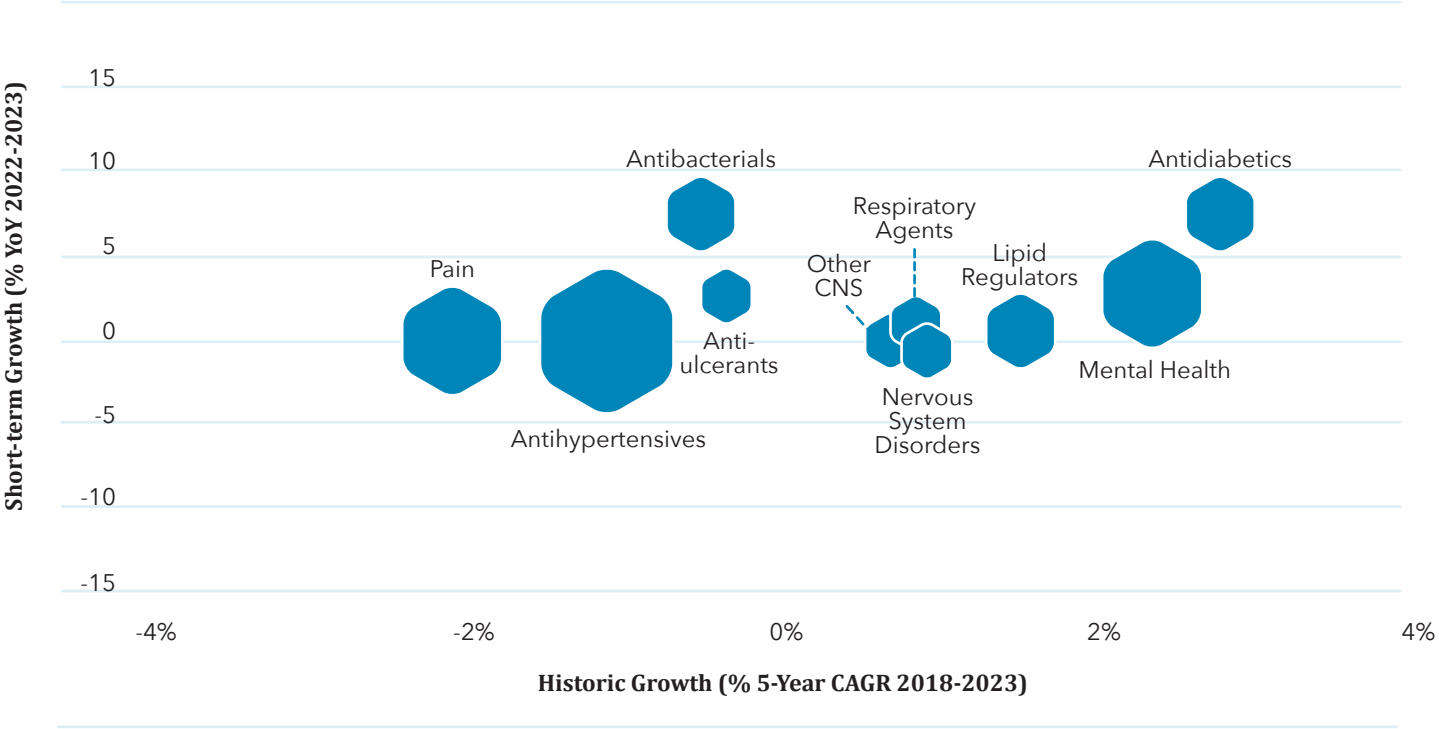
ProAct Traditional Plan Spend by Retail

ProAct Traditional Plan Spend by Mail

Traditional therapies command the top 10 therapies by prescriptions.

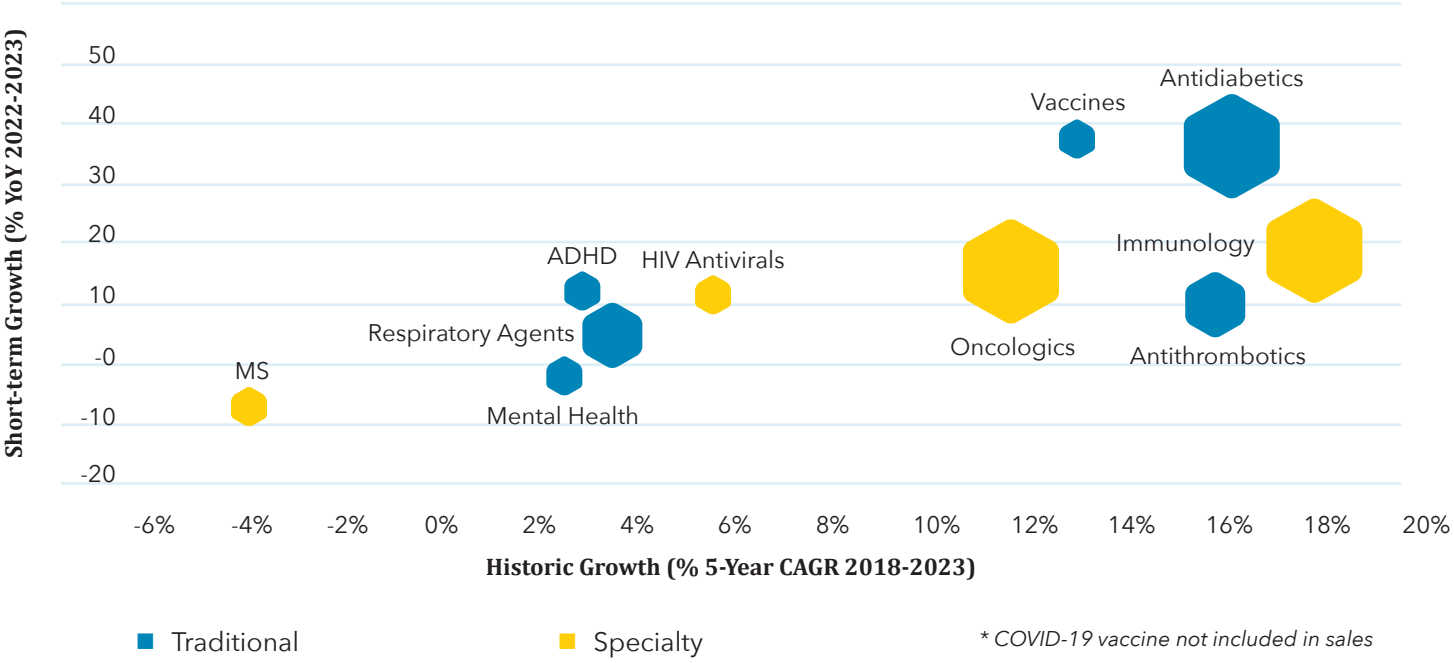
Antidiabetics and mental health medications lead in long-term growth while antibacterials lead in the short-term.

Top 10 Therapies by Prescriptions[10]



Vaccines* lead in short-term growth while specialty immunologic and antidiabetic medications lead in long-term growth

Top 10 Therapies by Sales[10]



** COVID-19 vaccine not included in sales*

The ProAct Difference:

Specialty Therapies

Complex conditions represent significant costs within employer health plans.

A comprehensive specialty drug management strategy is a critical component to pharmacy benefit management. ProAct offers various solutions to assist our clients in managing specialty drug spend including percentage-based copay programs, utilization management edits, as well as funding assistance partnerships.

ProAct's specialty trend was just 1.2% increase in specialty ingredient costs in 2023 vs 2022 on a per claim basis and specialty spend was 41.86% of plan spend as compared to total plan spend.

Across the industry, specialty medications now account for approximately 56% of prescription drug spend, which has increased from 28% since 2011.

Although both specialty and non-specialty spend grew approximately 11.4% in 2023, the specialty drug trend is projected to increase by 14.5 percent 2024.

ProAct 2023 Top Specialty Therapy Classes by Plan Spend[9]

Rank	Therapy Class	Plan Spend		Utilizing Members	
1	ANALGESICS – ANTI-INFLAMMATORY	30.21%	▼.96%	21.57%	▼3.45%
2	DERMATOLOGICALS	25.01%	▲1.22%	18.57%	▲.25%
3	ANTINEOPLASTICS & ADJUNCTIVE THERAPIES	12.75%	▼2.23%	7.51%	▼.87%
4	PSYCHOTHERAPEUTIC & NEUROLOGICAL AGENTS – MISC	7.53%	▼1.32%	4.36%	▼1.15%
5	ENDOCRINE & METABOLIC AGENTS – MISC	4.24%	▼.26%	6.38%	▼1%

ProAct 2023 Top Specialty Products by Plan Spend[9]

Rank	Product Name	Therapy Class	Plan Spend		Utilizing Members	
1	HUMIRA®	ANTI-INFLAMMTORY	19.67%	▼.01%	11.94%	▼2.29%
2	STELARA®	DERMATOLOGICAL	8.15%	▼.28%	2.8%	▼.50%
3	SKYRIZI®	IMMUNOLOGICAL	5.34%	▲2%	3.54%	▲1.14%
4	DUPIXENT®	DERMATOLOGICAL	4.52%	▲.33%	7.39%	▲.36%
5	ENBREL®	IMMUNOLOGICAL	3.76%	▼.45%	2.82%	▼.38%

▼▲ Change from 2022

2023 Industry Top 5 Specialty Therapies by Mail[11]

Rank	Therapy Class	Moving Annual Total (MAT) November 2023	Absolute Year Over Year Growth
1	IMMUNOLOGY/ANALGESICS-ANTI-INFLAMMATORY	$126.7B	▲19.3%
2	ONCOLOGICS/ANTINEOPLASTICS	$99.8B	▲11.4%
3	HIV ANTIVIRALS	$29.9B	▲2.3%
4	OTHER CNS/NEUROLOGICAL AGENTS	$15.5B	▲1.3%
5	OCULAR ANTINEOVASCULARISATION	$6.3B	▲1.2%

Skyrizi is the fastest growing sales product in Specialty Mail.

2023 Industry Top 5 Specialty Products by Mail[11]

Rank	Therapy Class	Moving Annual Total (MAT) November 2023	Absolute Year Over Year Growth
1	SKYRIZI®	$33.9B	▲4.8%
2	DUPIXENT®	$15.6B	▲3.4%
3	HUMIRA®	$15.2B	▲3%
4	KEYTRUDA®	$13B	▲2.5%
5	RINVOQ®	$11.1B	▲2.3%

▼▲ Change from 2022

In 2023, ProAct specialty claim count increased 10.1% as compared to 2022 while specialty claims as a percentage of total claims remained flat as compared to 2022 at just over 1%. ProAct plan paid per specialty claim increased approximately 13.4% during the same time period and specialty plan spend as a percentage total of the plan spend remained flat at just under 42%.[9]

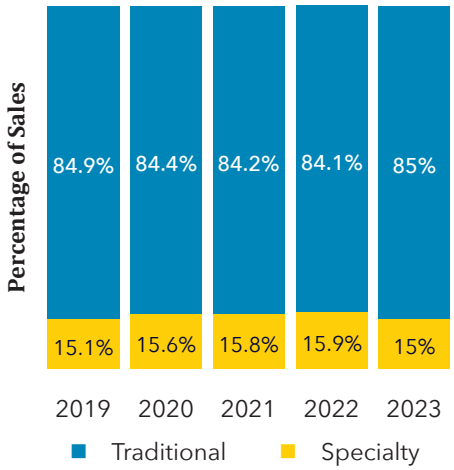
ProAct 2023 Total Specialty Claims & Total Specialty Plan Spend[9]

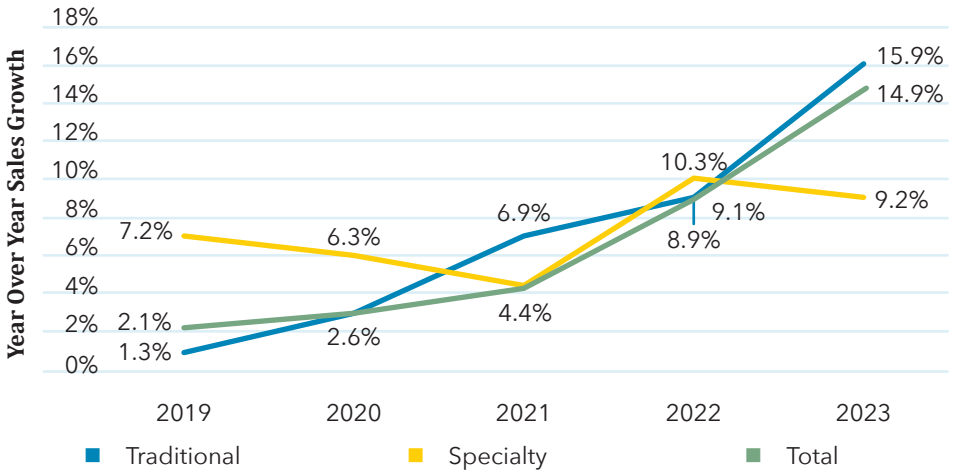
Specialty Claim Count as a % of Total Claim Count

Specialty Plan Spend as a % of Total Plan Spend

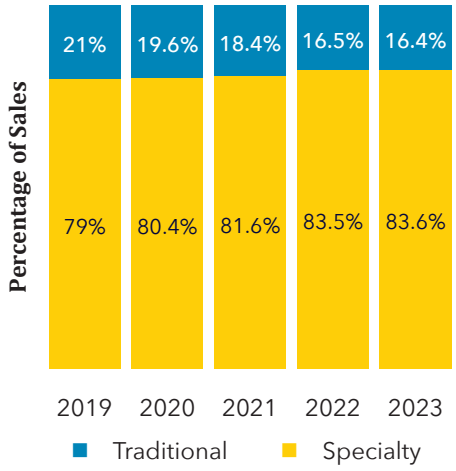
Specialty medicines will represent about 43% of global spending in 2027 and 56% of total spending in developed markets, according to recent reports.[12]

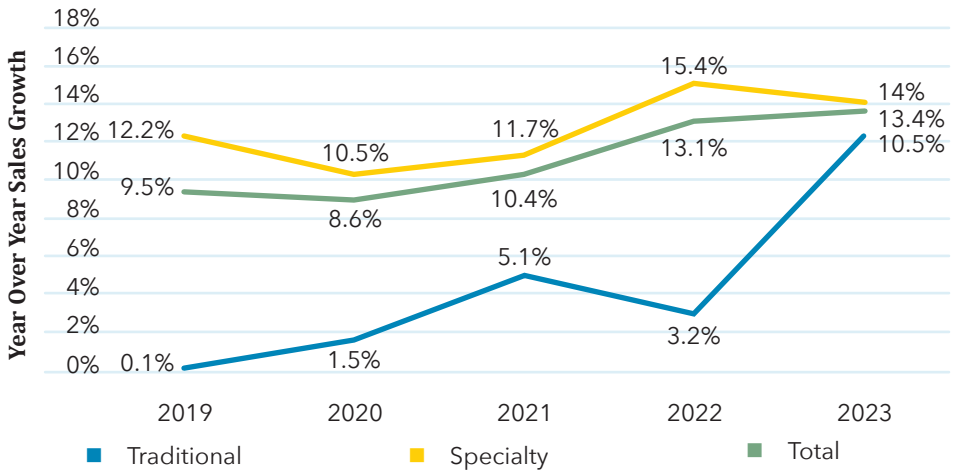
Industry Year Over Year Specialty Retail Sales Percentage and Growth[12]



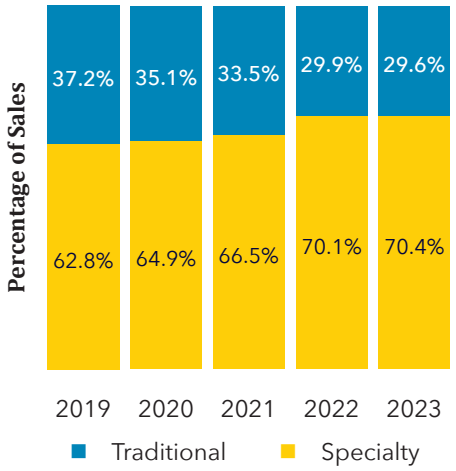


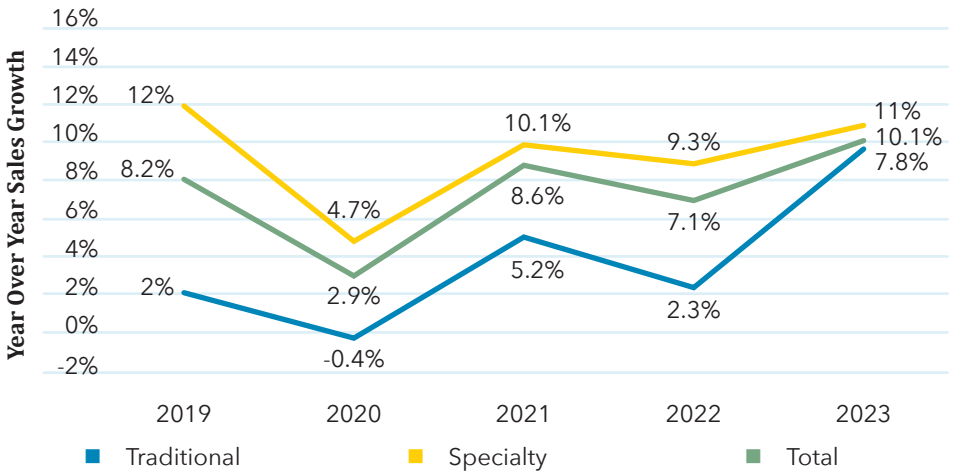
Industry Year Over Year Specialty Mail Sales Percentage and Growth[12]





Industry Year Over Year Specialty Non-Retail Sales Percentage and Growth[12]





In 2023, across the prescription industry, the overall specialty cost trend was 11.4%. ProAct, once again, outperformed this trend projection — increasing to only 1.18% — using various strategies.[9]

Through programs such as our Clinical Prior Authorization Management Program, we are able to ensure the most cost-effective therapies are being used. Coupling this with our formulary strategies – *which are aimed to both drive lowest net-cost therapies and encourage generic alternatives when appropriate* – ProAct was able to stay below the trend curve projected by industry experts.

Specialty *2023 vs 2022*[9]		Non-Specialty Brand *2023 vs 2022*[9]		Non-Specialty Generic *2023 vs 2022*[9]	
Ingredient cost per claim	▲1.18%	**Ingredient cost per claim**	▲21.9%	**Ingredient cost per claim**	▼5.46%
Claim count	▲10.12%	**Claim count**	▼0.71%	**Claim count**	▲5.50%

In the U.S., the price of generics has fallen by ~20% since 2019. In 2018, it took eight Brand drugs to equal the total Generic business; in 2023, it took only two.[1]

2018 Industry Top Brand Drugs

The Top Eight Brand Drugs Totaling $59.5B in Sales

STELARA $4.9B	REMICADE $5.3B	JANUVIA $5.7B	ENBREL $8B
XARELTO $5.1B	LYRICA $5.5B	ELIQUIS $6.8B	HUMIRA $18.3B

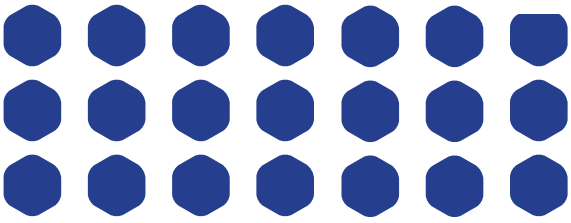
2023 Industry Top Brand Drugs

The Top Two Brand Drugs Totaling $59.2B in Sales

OZEMPIC $25.3B	HUMIRA $33.9B

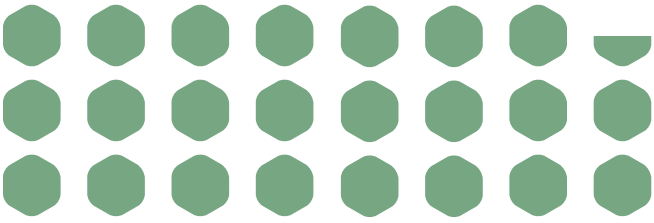
2018 Entire Generic Market

1,048 Drugs Totaling $56.3B in Sales



2023 Entire Generic Market

1,106 Drugs Totaling $56.2B in Sales

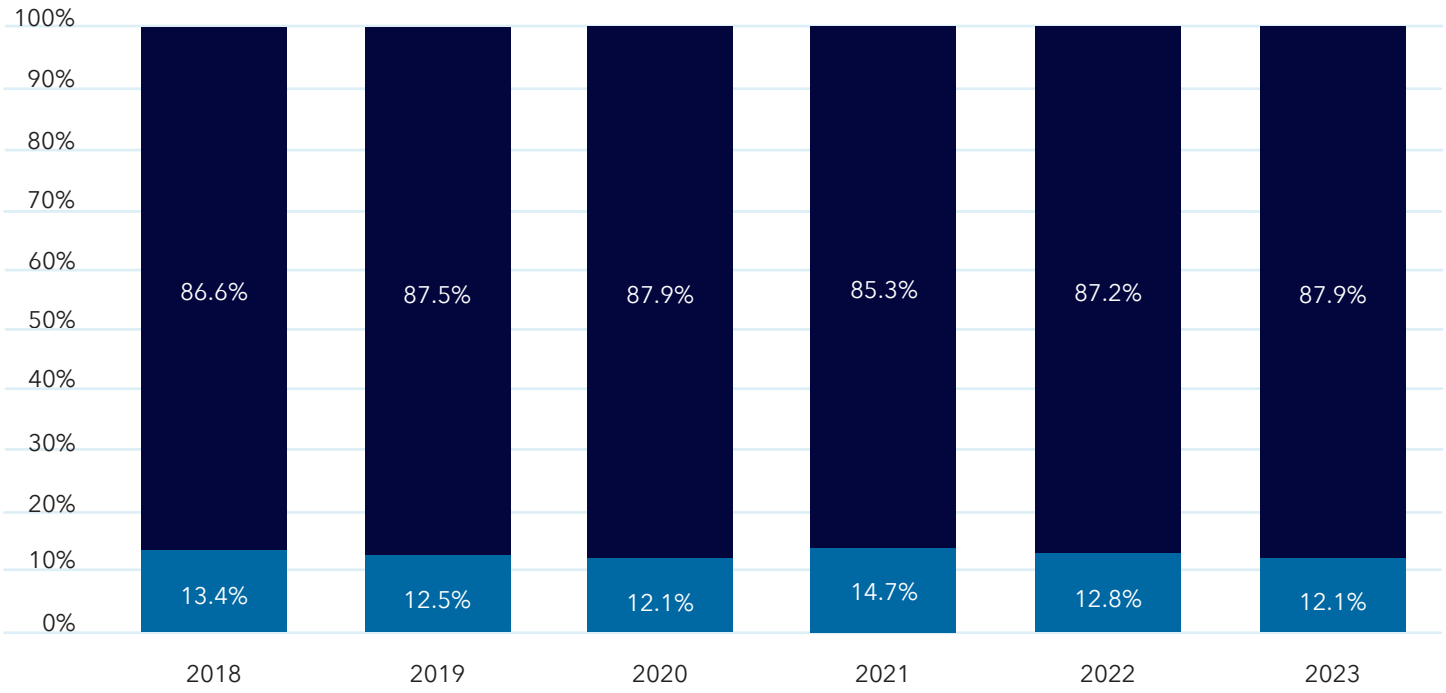


Each icon represents 50 Generic Drugs

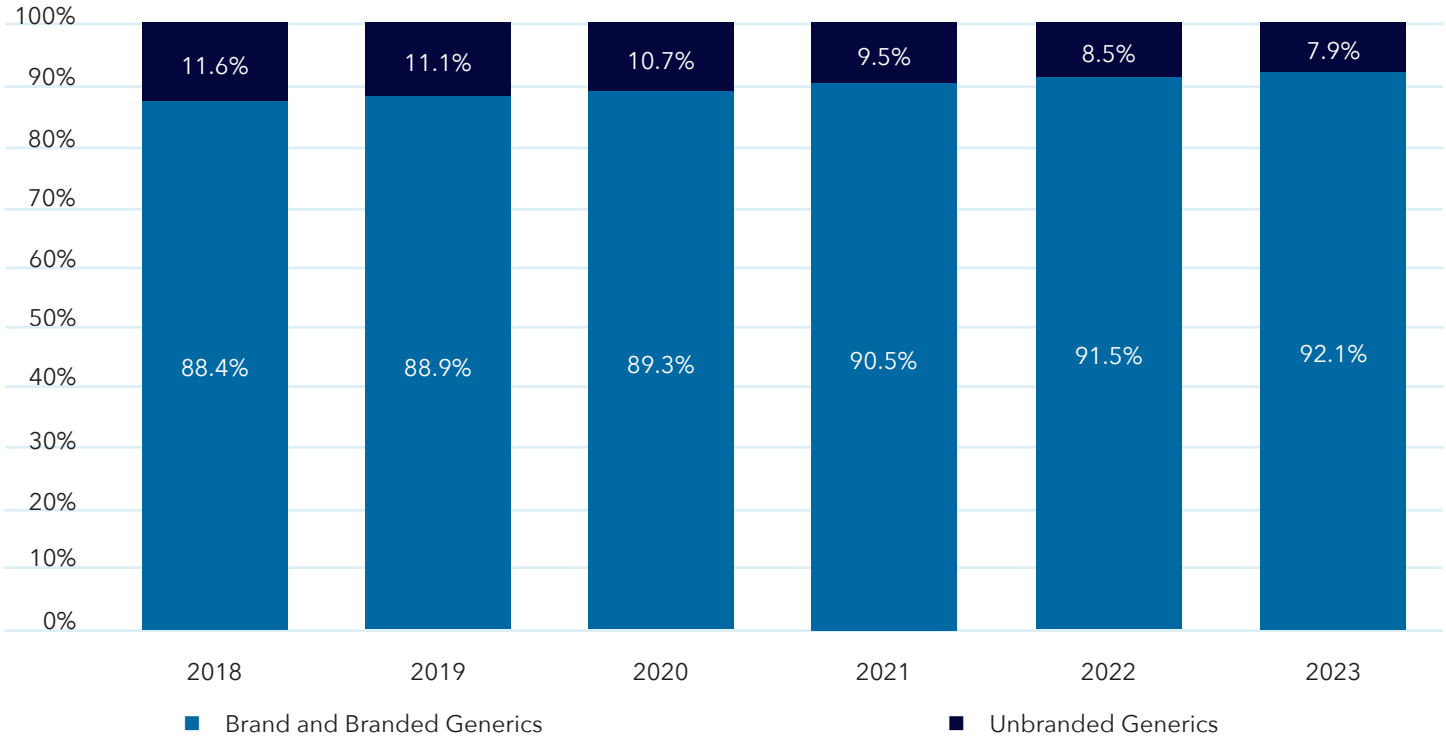
In 2023, approximately 88% of adjusted prescriptions were unbranded Generics while only approximately 8% of sales dollars were unbranded Generics.[15]

The 2023 U.S. Generic and Biosimilar Medicines Savings Report, published by the Association for Accessible Medicines, found that the U.S. healthcare system saved $408 billion in 2022 (up from $373 billion in 2021) by using generic drugs and biosimilars.[14]

Percentage of Adjusted Prescriptions[13]



Percentage of Sales[13]



The ProAct Difference:
Clinical Cost Savings

ProAct knows that managing costs and driving out waste are critical concerns for our plan sponsors. Our Wipe Out Waste (WOW) program identifies new opportunities to reduce spend.

How it works:

ProAct's WOW program detects high-cost/low-value products and generates a list of wasteful items that plan sponsors may choose to exclude from their pharmacy benefit.

Wasteful products may include:

- High-cost unique dosage forms.
- New non-FDA approved drugs.
- High-cost topical pain management therapies not aligned to FDA-approved prescribing guidance.
- Unnecessarily combined products often marketed in a higher cost package or kit.
- Select 510k products (medical devices that do not alter body chemistry and that follow an approval process separate from standard FDA-approved drugs). Often, these products are available in over-the-counter formulations or have more cost-effective alternatives.

Includes *over 4,000* different NDC's

Average PMPM savings: *$1.42-$2.13*

Please note, some medications on the WOW list may overlap with exclusions on our Advantage Formulary. ProAct's analytics teams will perform a claims analysis to determine potential savings based on plan sponsor-specific utilization.

Costs associated with the ProAct Wipe Out Waste (WOW) Program is $0.08 PMPM.

In 2023, plan sponsors utilizing ProAct's Advantage Formulary saved 27%.[9]

ProAct 2023 Formulary Generic Dispensing Rate[9]

Advantage 87.26%

Core 85.45%

Combined 86.32%

Looking Back

Looking Back:

2023 New Drug Approvals[15]

In 2023, the FDA approved a total of 72 novel drugs.The FDA defines novel drugs as drugs with an active ingredient that has never been approved or marketed before in the United States.

50% are biologics.

70% are specialty products (either self-administered or healthcare provider-administered).

50% represent first-in-class products due to their novel mechanisms of action.

In addition, the FDA approved nine new biosimilar drugs in 2023, which includes three biosimilar versions of AbbVie's Humira.

Looking Ahead

Looking Ahead:

2024 Pipeline[15]

HI: Hospital Inpatient
HO: Hospital Outpatient
MB: Medical Benefit
PB: Pharmacy Benefit
SP: Specialty (Professionally Administered)

Category	Chemical Name	Manufacturer	Route of Administration	Indication	Estimated Price	Site of Care	Comments
Dermatology	Prademagene zamikeracel (pz-cel, EB-101)	Abeona Therapeutics	Skin transplant	Recessive dystrophic epidermolysis bullosa (RDEB)	$1,000,000–$2,000,000 WAC per one-time treatment	HI; MB, SP	Gene therapy; cost per treatment and the total number of different areas that need treatment will likely vary by patient. Will compete with Krystal Biotech's Vyjuvek (beremagene geperpavec), an FDA approved, topically applied gene therapy.
Dermatology	Lebrikizumab	Eli Lilly	Subcutaneous	Atopic dermatitis	$50,000 WAC per year	PB; SP	Similar cost as compared to Dupixent and Adbry.
Diabetes	Insulin icodec	Novo Nordisk	Subcutaneous	Type 1 and type 2 diabetes	$5,000 WAC per year	PB	Once weekly basal long-acting insulin.
Endocrine/ Metabolic	Acoramidis	BridgeBio	Oral	Cardiomyopathy of transthyretinrelated amyloidosis (ATTR-CM)	$200,000–$300,000 WAC annually	PB; SP	Pricing based on competition of Vyndaqel and Vyndamax.
Gastrointestinal	VLY-686 (tradipitant)	Vanda	Oral	Gastroparesis (diabetic or idiopathic)	$10,000–$20,000 WAC per 12-week course	PB; SP	Currently, the only FDA-approved treatment for gastroparesis is metoclopramide (Reglan), which was approved in 1979.
Hematology	Mavorizafor (x4P-001)	X4 Pharmaceuticals	Oral	Warts, hypogammaglobulinemia, infections, myelokathexis (WHIM) syndrome	$100,000–$200,000 WAC per year	PB; SP	There are currently no FDA approved treatments for WHIM syndrome.
Hematology	Marstacimab	Pfizer	Subcutaneous	Hemophilia A & B	$500,000-$1,000,000 WAC per year	PB; SP	Alternative treatment for IV administered factor treatment for hemophilia A and B and Genentech's Hemlibra (emicizumab) for hemophilia A.

Category	Chemical Name	Manufacturer	Route of Administration	Indication	Estimated Price	Site of Care	Comments
Hematology	Fidanacogene elaparvovec (PF-06838435)	Pfizer; Roche	Intravenous	Hemophilia B	$3,000,000 or more WAC for a one-time infusion	MB; SP	Gene therapy; Hemgenix (the first FDA-approved gene therapy for hemophilia B) is priced at $3.5 million for one infusion.
Immunology	Kresladi (marnetegragene autotemcel/ RP-L201)	Rocket Pharma	Intravenous	Primary immunodeficiency; severe leukocyte adhesion deficiency type I (LAD-I)	$3 to $3.5 million WAC per treatment course	MB	Gene therapy.
Neurology	Donanemab	Eli Lilly	Intravenous	Alzheimer's Disease (AD)	$25,000–$50,000 WAC per year	MB; SP	A once-monthly IV injection, similar to Aduhelm, but different than Leqembi, which is administered IV every 2 weeks.
Neurology	Leqembi (lecanemab) SC	Biogen; EISAI	Subcutaneous	Alzheimer's Disease (AD)	$25,000–$50,000 WAC per year	PB; SP	Subcutaneous injection offers the ability for patients to self administer.
Neurology	Eladocagene exuparvovec (PTC-AADC)	PTC Therapuetics	Intraputaminal	Aromatic l-amino acid decarboxylase (AADC) deficiency	$3,000,000 or more WAC for a one-time treatment	MB; HI	Gene therapy.
Neurology	Duvyzat (givinostat)	Italfarmaco	Oral	Duchenne muscular dystrophy (DMD)	$300,000–$500,000 WAC per year	PB; SP	Price estimate based on the price of other therapies and the price of PTC Therapeutics' Emflaza (deflazacort).
Neurology	PF-06939926 (fordadistrogene movaparvovec)	Pfizer	Intravenous	Duchenne muscular dystrophy (DMD)	$3,000,000–$4,000,000 WAC per one-time treatment	HI; MB	Gene therapy; price estimate based on the price of Sarepta Therapeutic's Elevidys.
Neurology	Ocrevus SC (ocrelizumab; hyaluronidase)	Genentech; Halozyme	Subcutaneous	Multiple Sclerosis	$50,000–$100,000 WAC per year	MB; SP	This product is intended to be given by a healthcare professional at home or in the office.
Neurology	OTL-200 (atidarsagene autotemcel [arsa-cel])	Orchard Therapeutics	Intravenous	Metachromatic leukodystrophy (MLD)	$3,000,000 or more per one time treatment	MB; HI	Gene Therapy.

Category	Chemical Name	Manufacturer	Route of Administration	Indication	Estimated Price	Site of Care	Comments
Oncology	LN-144 (lifileucel)	Iovance Biotherapeutics	Intravenous	Melanoma	$300,000–$400,000 for the one-time dose	HO; MB; SP	Pricing may be similar to the chimeric antigen receptor T-cell (CAR-T) products.
Oncology	Odronextamab	Regeneron	Intravenous	Diffuse large B cell lymphoma; follicular lymphoma	$250,000–$350,000 annual WAC	HO; MB; SP	
Oncology	Tovorafenib	Day One Biopharmaceuticals	Oral	Glioma	$100,000–$300,000 annually	PB; SP	
Pulmonary/ Respiratory	Sotatercept (MK-7962)	Merck	Subcutaneous	Pulmonary arterial hypertension (PAH)	$300,000–$500,000 WAC per year	PB; MB; SP	Used as an add-on treatment to dual and triple therapy with current PAH medications.
Pulmonary/ Respiratory	Ensifentrine (RPL554)	Verona Pharma	Nebulized	Chronic obstructive pulmonary disease (COPD)	$10,000–$20,000 WAC per year	PB	There is a need for additional COPD treatment options in patients who remain uncontrolled on dual or even triple inhaled therapies.

Looking Ahead:
Plan Spend Drivers

Based on recent FDA approvals and the research and development pipeline, ProAct anticipates the following categories to be the main drivers of plan spend in 2024 and beyond.

Through innovative cost avoidance strategies, ProAct is looking forward to supporting our plan sponsors lower plan spend without sacrificing the care of our members.

- Oncology
- Neurology
- Multiple Sclerosis
- Alzheimer's
- Immunology/Anti-Inflammatory
- Obesity and Weight Loss
- Cell and Gene Therapy

Closing Thoughts

Closing Thoughts:

The Value of PBMs[16]

The Coalition for Affordable Prescription Drugs (CAPD) released their new employer survey on PBM Value and Benefit Design Preferences. Key findings from the survey include:

89% of employers say their PBM is valuable in helping their organization offer affordable benefits to employees.

97% of those who contract directly for pharmacy benefit services are satisfied with their PBM.

93% of employers say it is essential to have flexibility and a range of choices in how they offer prescription drug benefits to employees.

86% of employers say it is important to have flexibility in how their organization manages the financial risk related to prescription drug spending.

91% of employers say it is important to have flexibility and choice in how their organization uses rebate dollars.

90% of employers who receive rebates from PBMs use those rebates to the benefit of employees, including lowering employee spending on benefits and enhancing coverage.

89% of employers who use a PBM describe their contract as transparent, with 43% describing their contract as "very transparent."

2023 Recap

Better Together

As ProAct celebrates its 25th year in 2024, we are more committed than ever to supporting our plan sponsors by offering innovative solutions to help lower plan spend without sacrificing the care of our members.

Biosimilars

ProAct remains committed to leveraging the savings that biosimilar products provide. This is evidenced through our committment to increase market share of biosimilars in the oncology, supportive care, and inflammatory spaces.

Glucagon-Like Peptide-1 Agonists

The increase in the prevalence of obesity and type 2 diabetes has led to the increase in utilization of Glucagon-Like Peptide-1 (GLP-1) Receptor Agonists which are FDA approved for the treatment of obesity and type 2 diabetes.

Drug Shortages

Limitations placed on drug manufacturers of controlled substances by the DEA, as well as an increase in demand for prescriptions of mental health and ADHD medications, led to a great number of drug shortages in 2023. ProAct has a plan in place to help alleviate member concerns.

Inflation Reduction Act

The Inflation Reduction Act (IRA) implemented numerous changes to prescription drug pricing and coverage under the Medicare Part D benefit. Some considerations to make note of are the Medicare Drug Price Negotiation Program, Medicare Inflation Rebates, and the Medicare Insulin Copay Cap.

Insulin and the Average Manufacturer Price Cap

The American Rescue Plan Act of 2021 includes a provision that eliminates the statutory cap on rebates that drug manufacturers pay to Medicaid. As of January 2024, Medicaid rebates are no longer capped at 100% of the quarterly average manufacturer price (AMP).

Vaccinations

In 2023, the first RSV vaccine authorized for use in individuals 60 and older as well as pregnant individuals to prevent lower respiratory tract disease was approved by the FDA.

Traditional Therapies

Within the traditional, non-specialty drug space, chronic conditions such as diabetes, ADHD, and asthma/COPD continue to lead in both cost and utilization for plan sponsors. In the top traditional therapy classes by plan spend at ProAct, the top four categories remained the same in 2023 as compared to 2022 while migraine products replaced antivirals.

Specialty Therapies

A comprehensive specialty drug management strategy is a critical component to pharmacy benefit management. ProAct offers various solutions to assist our clients in managing specialty drug spend including percentage-based copay programs, utilization management edits, as well as funding assistance partnerships.

2024 Pipeline

There are 21 new drugs currently in the pipeline. Ranging from the dermatology category to the pulmonary/respiratory category and utilizing various routes of administration.

Clinical Cost Savings

ProAct knows that managing costs and driving out waste are critical concerns for our plan sponsors. Our Wipe Out Waste program identifies new opportunities to reduce spend. In 2023, plan sponsors utilizing ProAct's Advantage Formulary saved in plan spend.

Plan Spend Drivers

ProAct anticipates the follwing categories to drive plan spend in 2024 and beyond: oncology, neurology, multiple sclerosis, alzheimer's, immunology/anti-inflammatory, obesity and weight loss, and cell and gene therapy.

Looking Back

In 2023, the FDA approved a total of 72 novel drugs. The FDA defines novel drugs as drugs with an active ingredient that has never been approved or marketed before in the U.S.

The Value of PBMs

The Coalition for Affordable Prescription Drugs (CAPD) released their latest employer survey on PBM value and benefit design preferences results.

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PRO/ACT PHARMACY BENEFIT MANAGEMENT

Your Fully Integrated
Pharmacy Benefit Manager