A New Era in Specialty: Time to Repurpose Our Wheels?

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Senior Director & Specialty Clinical Practice Lead
Repurposing the Wheel

3500 BC  3000 BC  300 BC  1492  1790  1885
Redefining Our Wheels
Changing Landscape Requires New Approach
Policies That Threaten Fair Drug Pricing

- Affordable Care Act complexity
- 21st Century Cures Act
- State limitations around management strategies
- Slow path to market for biosimilars
>7,000 Potential Drugs in Development

Pipeline Products by Therapeutic Area

- **Cancer**: 1,813
- **Neurological**: 1,329
- **Infectious Disease**: 1,256
- **Immunology**: 1,120
- **Cardiovascular**: 599
- **Mental Health**: 511
- **Diabetes**: 475
- **HIV/AIDS**: 159

2015: On pace for record number of approvals
Specialty: Growing Piece of a Bigger Pie

2014

Traditional $373B
Specialty

2018

Traditional $510B
Specialty

Source: Express Scripts Research
PCSK-9: Right Patient, Right Drug Approach

Cholesterol cost shock: Insurers brace as FDA considers pricey lipid-lowering injectables

Expected Population for Initial Use of PCSK-9 Inhibitors

High Risk <5%
Familial <1%

Projections established using sample data. Calculations represent assumptions based on literature and Express Scripts data.
NASH: More Common Than Hepatitis C

Number of cases (U.S. estimate)

- Hepatitis C: 3.2M
- NASH: 15M
Alzheimer’s: 5.4M Americans Affected

• Biogen’s Aducanumab
  • Improvement in plaques
  • Better cognitive function

• Potential launch: 2018
Cancer: Cost Will Continue to Rise

- More patients
- More chronic therapy
- Increasingly expensive drugs
- Combination therapy
Are rising prices logical?

• Maybe:
  • Of course, we’re willing to pay more to get more

• But maybe not:
  • We’re probably not willing to pay more each time for benefits that are smaller each time
  • When prices rise faster than gains

  “Diminishing Returns”
  – Each additional dollar from patient/insurer buys less health than the one before it
What diminishing returns DON’T look like:

Evolution of the Mobile Phone
Monthly and Median Costs of Cancer Drugs at the Time of FDA Approval
1965 - 2015

Monthly Price of Treatment (2014 Dollars, log scale)

Year of FDA Approval

Source: Peter B. Bach, MD, Memorial Sloan-Kettering Cancer Center

100-fold price increase
Drug Costs, and Cost of Gain Increases in Cancer

Monthly and Median Costs of Cancer Drugs at the Time of FDA Approval

1965 - 2015

Source: Peter B. Bach, MD, Memorial Sloan-Kettering Cancer Center

Figure 2: Price per life year gained versus approval date

The best fit line is: Price per life year gained = $54,100 + $8.500 \times \text{Approval year}. Approval Year = 6 for 1995, 1 for 1996, etc. For purposes of display, we re-coded one value from $802,000 to $400,000.

Source: Authors
Prices are at the level needed to drive any innovation!
The Market for ALK Inhibitors: Appropriately Priced? Or frothy?

8/2011: Xalkori approved by the FDA

6/2012: Latest X-396 trial begins

10/2012: Latest TSR-011 trial begins

6/2012: Latest NMS-E628 trial begins

7/2013: Latest CEP-37440 trial begins

3/2014: Latest AP26113 trial begins

4/2014: Zykadia approved by the FDA

4 ALK Inhibitors are currently in preclinical development

7/2014: Latest Alectinib trial begins

4/2014: Zykadia approved by the FDA
Companies have to make back their money for their investment!
But, they can charge less in other countries?

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Taking Bold Steps To Drive Rx Value
On the Path of Innovation

**Hepatitis C**
- A “big” idea for a big challenge
- Over $1B in client savings
- Caring for more patients at lower cost

**Adherence Innovation**
- Technology solutions
- Predictive models
- Copay assistance strategies

**Patient Support**
- Oncology nutrition services
- Daily Habits pilot
- Video “chat”
Solving the Cancer Care Puzzle
Solving the Cancer Care Puzzle

- Medical Channel Management
- Pharmacogenomics
- United Bioscience Corp.
- Biosimilars
- Therapeutic Resource Centers
- Fairness in Drug Pricing
- Specialty Step Management
- Medical Benefit Management
- Specialty Distribution
- Oncology Decision Support
- TherapEase Cuisine
- Site of Care / Home Infusion

- Precision Medicine

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Evolving Our Approach in Oncology
One Drug, Two Very Different Results

Tarceva on Non-Small Cell Lung Cancer

**DOUBLES SURVIVAL**
*(5.2 months)*

- Placebo median PFS: 5.2
- Tarceva median PFS: 10.4

Tarceva on Pancreatic Cancer

**EXTENDS SURVIVAL ONLY 12 DAYS**
*(0.4 months)*

- Placebo median OS: 6.0
- Tarceva median OS: 6.4
Bold Idea: Paying for Results by Indication

Can we define the relative value of a single drug?
Bold Idea: Paying for Results by Indication

Center for Health Policy & Outcomes

Can we define the relative value of a single drug?
Oncology Today, Other Indications Tomorrow

Rheumatoid Arthritis

Pulmonary Arterial Hypertension

Multiple Sclerosis
Put the ‘Personal’ in Personalized Medicine
Treatment Makes a Difference in 5 Days

FEB 6

FEB 11
Targeted Treatment Benefits Last for Years

Metastatic Non-Small Cell Lung Cancer:
EGFR Mutant Disease

BASELINE

3 YEARS LATER
Precision Medicine: A Path Forward?

In Treatment for Leukemia, Glimpses of the Future

Second Chance: Lukas Wartman, a leukemia doctor and researcher, developed the disease himself. As he faced death, his colleagues sequenced his cancer genome. The result was a totally unexpected treatment.
Demanding What Patients Deserve: That’s Pharmacy. Smarter.

- The best care at the best price
- Precision medicine for healthier outcomes
- Aligned advocates must take bold action
Repurposing Our Wheels