

# 2022 DRUG TREND REPORT EXECUTIVE SUMMARY



# 2.6%

**Average Net Total  
Cost<sup>1</sup> Trend for  
Commercial Clients  
from 2021 to 2022**

Despite notable increases in list drug prices and utilization across the spectrum of covered medications, Navitus clients on average experienced minimal and controlled trend in 2022. In fact, **49% of Navitus commercial clients saw their net drug spend decrease compared to 2021.** This was achieved through several actions including:

- **Improved pharmacy network rates combined with increased rebates and manufacturer fees.** Amid this highly-inflationary brand medication market, these contract enhancements resulted in significant savings that were immediately passed through to clients.
- **Appropriate formulary and utilization management.** Although there were limited new generic opportunities in 2022, coverage recommendations to manage utilization growth of high-cost brand products with potential for off-label use helped minimize impact in some faster growing drug categories such as migraine and diabetes.

# \$89.73

**Net Total Cost  
Per Member  
Per Month (PMPM)  
for Commercial  
Clients in 2022**

Use of specialty medications continued to grow throughout the industry. For calendar year 2022, **these accounted for over 50% of total spend for Navitus' commercial book of business, despite only representing about 1% of overall utilization.** With the drug development pipeline full of specialty medications, this trend is likely to continue into the foreseeable future.

	2021	2022
<b>Specialty</b>	<b>\$42.25</b>	<b>\$44.90</b>
<b>Non-Specialty</b>	<b>\$45.22</b>	<b>\$44.83</b>
<b>Total</b>	<b>\$87.47</b>	<b>\$89.73</b>

<sup>1</sup>Net total cost includes total cost paid by plans and members minus manufacturer rebates

**\$44.90**  
**Net Total Cost PMPM for Commercial Clients in 2022**

**7.7%**  
 Utilization

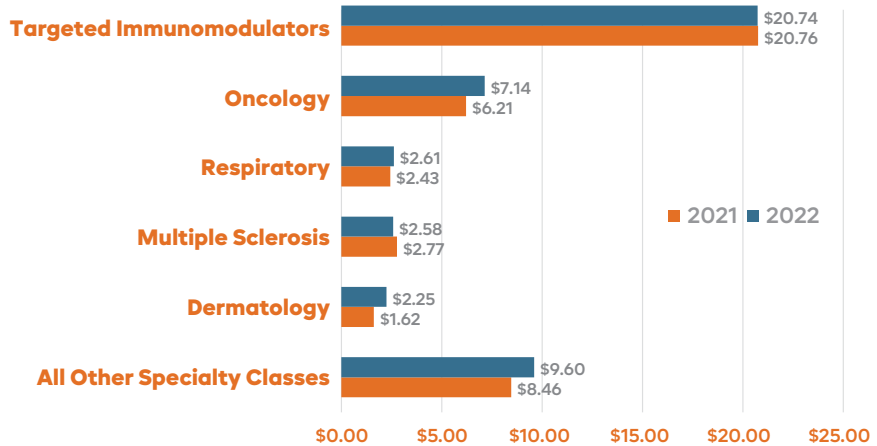
**-1.4%**  
 Unit Cost

**6.3%**  
 Overall Trend

## Commercial Specialty Trend

Decreased unit cost helped to manage total specialty trend and kept growth to mid-single digit for commercial clients in this area. **The cost-plus model of Lumicera Health Services, which anchors the Navitus specialty pharmacy network, contributed notable savings.** With this, clients were billed only acquisition cost plus a patient management fee. In turn, this eliminated the inflationary impact of mark-ups commonly seen in this space.

### Top Five Specialty Classes by Net Total Cost PMPM



## Commercial Specialty Trend Drivers

### Targeted Immunomodulators (TIMs)

Representing nearly half of the overall specialty spend, the TIMs class of medications continued to have a major impact on the overall specialty trend. These products are used to treat a wide variety of conditions including rheumatoid arthritis, Crohn's disease, ulcerative colitis, plaque psoriasis and atopic dermatitis. Utilization continued to increase (7%) with more products and ever-expanding indications. However, rebate enhancements in this category ahead of anticipated biosimilar launches lowered unit costs (-7%) resulting in category spend remaining flat in 2022 (-0.1%).

### Oncology

The oncology category grew significantly in overall spend (15%). The spend increase was a result of increased overall use (12%) and brand price inflation (3%) despite more than 30% of prescriptions being for generic products.

On average, the cost of a generic oncology drug was less than \$500 due to Lumicera’s cost-plus approach, compared to over \$10,000 per prescription for a brand oncology agent.

**Multiple Sclerosis**

Continued adoption of generic alternatives over the last few years has led to a generic dispensing rate over 50% in this category. This drove significant cost savings for clients and members, where costs averaged ~\$700 per generic prescription vs. \$7000 per brand prescription. With this as a positive driver, the multiple sclerosis class continued to show a decrease in overall spend (-7%), noting reduced utilization (-4%) and unit cost (-3%).

**Dermatology**

This category saw an overall trend increase in 2022 (39%). This was due to increased utilization (32%) of products for atopic dermatitis and continued brand price increases (7 %) with limited generic alternatives.

**\$44.83**  
**Net Total Cost PMPM for Commercial Clients in 2022**

**1.7%**  
 Utilization

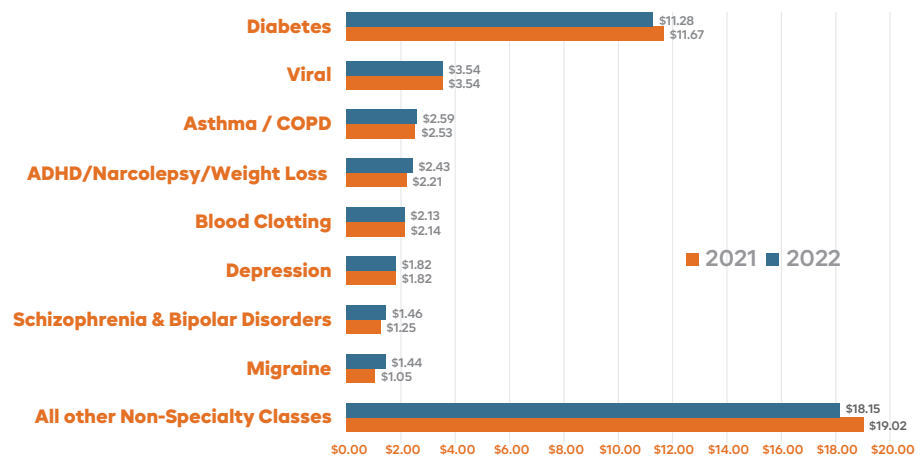
**-2.6%**  
 Unit Cost

**-0.9%**  
 Overall Trend

**Commercial Non-Specialty Trend**

Modest utilization growth in the non-specialty space was offset by a reduction in unit cost, which led to a negative overall trend in 2022. Improved pharmacy network contracting, specifically with generic products in value-driven networks, and enhanced rebate value on high-spend, non-specialty categories were leading contributors to this overall reduction.

**Top Eight Non-Specialty Classes by Net Total Cost PMPM**





## Commercial Non-Specialty Trend Drivers

### Diabetes

Trend within the diabetes class decreased slightly (-3%), due to decreased unit cost (-9%) that offset utilization growth (6%). The introduction of competitive biosimilar products and additional authorized generics decreased insulin unit costs (-20%). With increased competition, manufacturer rebate opportunities improved as well, and Navitus clients received 100% of that value. Utilization growth was concentrated within treatment for type 2 diabetes. Specifically, use of incretin mimetic agents, also known as GLP-1 receptor agonists increased 40% due in part to the adoption of new prescribing guidelines and off-label use for weight loss. To assist client cost containment and appropriate prescribing and use, Navitus implemented a point of service check that required entry of diagnosis. Secondarily, use of sodium-glucose co-transporter 2 (SGLT2) inhibitors increased 20% with expanded indications for use in heart failure and kidney disease.

### Antivirals

Overall cost trend for this class of medications was flat in 2022. The category includes treatment for a wide variety of viral infections including influenza, herpes and HIV. Despite increased utilization (8%), driven by influenza and HIV treatment, cost was controlled by increased rebates on HIV products.

### Attention-Deficient /Hyperactivity Disorder (ADHD), Narcolepsy and Weight-loss

Trend for this class, which is comprised of a wide range of indications, was primarily driven by ADHD medications that represented more than 95% of category cost and utilization. Increased utilization (10%) reflected national trends for use of ADHD products in adults. Change in unit cost was flat as generic utilization continued to rise. In 2022, the impact of new weight loss medications was minimal, as a majority of commercial clients excluded these from coverage. At this time, trends within the industry suggest significant cost implications for plan sponsors and payors providing drug coverage.

### Migraine

Although eighth on the list of top non-specialty classes by trend, migraine treatments had the largest overall increase (37%) in 2022. This was driven by increased prescribing of newer brand agents for the prevention and treatment of migraines. Historically, treatment and use concentrated to available generic products. With growing preference for brand therapies, increases in both utilization (9%) and unit cost (28%) were seen. With these dynamics, core management tools of formulary coverage, prior authorization, and quantity limits were deployed to manage associated costs.



## Methodology

The Navitus drug trend is calculated by comparing the net total cost PMPM for 2022 to that for 2021. Net cost PMPM represents full-year (Q1-Q4) data for total member copays and plan paid amounts minus manufacturer rebates and fees. This value is divided by the total number of members and by 12 months of the year.

Net total cost PMPM trend consists of two components: utilization and cost and includes both specialty and non-specialty drugs. Utilization trend measures the change in total days of therapy. Cost trend measures the change in net total drug cost per the above. This analysis included data for more than 500 clients, representing 2.2M members within Navitus' commercial book of business, including plan sponsors and health plans. To be included, these organizations must have been clients of Navitus in both 2021 and 2022. Exclusions from this analysis include products administered at physicians' offices, clinics and hospitals, COVID-19 vaccines and supplies and any additional savings from copay assistance programs.