

Flash

# Drug Trend and Pipeline 2021

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## Drug Trend and Pipeline 2021

The pharmacy marketplace evolves quickly, becoming more and more complex. Mercer Government's Pharmacy team of consultants, licensed pharmacists, and former state Medicaid pharmacy directors monitors market and pipeline developments to incorporate real-time insights into our analyses. This FLASH contains projected pharmacy trend highlights for 2021 and beyond.



### National Drug Trend

Prior to COVID-19, CMS was predicting drug spending to continue to account for approximately 10 percent of overall healthcare spending and to grow at a rate consistent with total healthcare costs. CMS has not issued updated projections since 2019.

Using the most recent projections, total health spending is projected to

grow at an average rate of 5.4% per year between 2019 and 2028, totaling \$6.2 trillion by 2028.

For 2021-2023, Medicaid spending is projected to grow at an average annual rate of 5.7%. [1](#)



## Medicaid Drug Trend

Pharmacy trend projections for traditional and specialty drug classes for Medicaid programs for CY 2021 to 2022 remain generally consistent with projections from the previous period, with a slightly accelerated trend for specialty drugs. Projected trends are reported gross of any rebates collected by State Medicaid programs or their contracted MCOs.

The trends are based on our professional judgement and experience observed through Mercer Government Medicaid clients. Emerging and potential effects of COVID-19 on pharmacy cost and utilization were accounted for in these projections, to the extent that this information was available at the time of publication. Information related to the current and projected impact of COVID-19 is rapidly evolving and we will continue to evaluate its effects on pharmacy trend projections.

### TRADITIONAL DRUGS

2020-2021: 1% to 2%

2021-2022: 1% to 2%

### SPECIALTY DRUGS

2020-2021: 11% to 15%

2021-2022: 12% to 16%

## OVERALL PROJECTED MEDICAID DRUG TREND

2020-2021: 5% to 7%

2021-2022: 6% to 8%



## Trend Drivers and Other Considerations

### COVID-19

The COVID-19 pandemic resulted in sharp declines in utilization across the healthcare system, as many opted to forego routine and preventative care. While prescription drug utilization generally experienced a less pronounced decline than other forms of care, the initiation of pharmacotherapy for chronic diseases did decline during the first quarter of 2020.

As pandemic-related restrictions, alternative pathways to care, and public perceptions of COVID-19 severity vary geographically, Medicaid programs should consider the local dynamics of the pandemic's impact in their state.

### Upcoming Potential High Cost Drug Approvals

Upcoming approvals for drugs anticipated to cost more than \$200,000 per patient per year are generally concentrated in the rare disease and oncology categories. One exception is teplizumab, a monoclonal antibody that is being developed to prevent or delay the onset of type 1 diabetes.

### Patent Expirations and Generic Approvals

Both recent and anticipated generic market entrants will continue to apply downward pressure for traditional drugs, especially in the diabetes and

asthma categories. This increased generic competition will mitigate much of the impact of price increases for traditional brand drugs, and results in the projected 1% to 2% traditional drug trend noted above.

### **Updated Asthma Treatment Guidelines**

In late 2019, the Global Initiative for Asthma (GINA) issued the first significant updates to asthma treatment guidelines in nearly 30 years. These updates make considerable changes to the role of various drugs in the treatment of asthma, including the use of a single inhaled corticosteroid-and-long-acting beta agonist (ICS-LABA) combination inhaler for both maintenance and rescue, rather than the need for separate inhalers. The updates also recommend that all patients diagnosed with asthma be prescribed an ICS and discourage the use of as-needed albuterol.

These updates transform a treatment paradigm that has existed for decades, and their adoption is expected to gradually shift drug utilization in the asthma category over the next several years.

### **Combatting the Opioid Epidemic**

On April 28, 2021, the Biden administration issued *Practice Guidelines for the Administration of Buprenorphine for Treating Opioid Use Disorder*, effectively allowing providers to treat up to 30 patients using buprenorphine without meeting the historical Drug Addiction Treatment Act (DATA) waiver process requirements related to training, counseling, and other ancillary services.

This provision, coupled with provisions of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT) Act that requires Medicaid coverage of all FDA-approved drugs for opioid use disorder, will continue to increase the

number of providers and patients who engage in medication-assisted treatment (MAT) and is expected to lead to increased utilization of MAT drug products.



## Conclusion and Outlook

Recent and upcoming generic launches of highly utilized traditional medications in the diabetes and asthma categories are expected to result in continued low single-digit trends for traditional therapies. For specialty pharmacy, the robust pipeline for high-cost, rare disease therapies is expected to result in continued increases in unit cost and PMPM trends. Mercer Government's Pharmacy sector works with clients to inform and educate on the financial and clinical implications of high cost specialty drugs in the pipeline. As the healthcare system continues to return to pre-pandemic norms, COVID-19 impacts will continue to diminish, but policy makers should be mindful of the likelihood of unexpected and as of yet unidentified COVID-19 impacts.

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