

Medco 2010 Drug Trend Highlights

Drug trend rises 3.7 percent during 2009, driven by specialty drugs

Medco's drug trend, a measurement of prescription drug spending growth among its clients, increased to 3.7 percent during 2009, as generic drugs helped offset spending on high-cost, specialty drugs used to treat rheumatoid arthritis, multiple sclerosis, and cancer among other conditions. Inflation for branded drugs was 9.2 percent during 2009, up nearly a full percentage point from the prior year. Prescription drug utilization increased modestly, 1.3 percent. Specialty drug spending continued its double digit growth, at 14.7 percent, driven by a 2.6 percent increase in utilization and a 12.1 percent rise in unit costs.

- For the third consecutive year, diabetes remained the largest driver of drug trend, accounting for 16.7 percent of all growth in drug spending. Spending in the category itself grew by 11.1 percent, driven by unit cost inflation and increased utilization.
- Rising asthma rates and expanded indications for chronic obstructive pulmonary disease propelled spending growth by 11.4 percent for respiratory drugs. New treatments for cystic fibrosis, pulmonary hypertension and COPD are likely to drive spending in this category for the next three years.
- The H1N1 (swine flu) outbreak led to spending growth of 15.7 percent on antiviral drugs.
- Generic versions of seizure medications, ulcer and heartburn drugs and osteoporosis drugs helped contain overall drug trend.

Kids prove to be Pharma's fertile ground

Children emerged as the leading growth market for drug makers last year, as pediatric use of medications far outpaced other age groups. The drugs prescribed for children tended to be pricier than drugs used by the elderly. This could change the face of chronic and complex disease in the U.S., significantly affecting future health care costs as these children enter adulthood.

- One-in-four insured children took a medication for a chronic condition last year.
- Drug trend among children 0-19 surged 10.8 percent last year, more than triple the trend for senior citizens. Utilization rose 5 percent, far greater than the 0.2 percent growth among seniors.
- Increases were seen in diabetes, asthma, antivirals, ADHD, cancer and rheumatology drugs.

ADHD drug use surges among those under 35

ADHD drug use surged 9.1 percent, leading to a 23.8 percent rise in spending growth last year. This category was the fourth leading driver of overall drug spending growth. The CDC says five million children aged 3-17 have an ADHD diagnosis. Utilization of ADHD drugs for patients 20-34 increased 21.2 percent. Stimulants and other ADHD treatments are expected to be a significant drug trend driver for the next three years, since Nuvigil® (armodofinil) could gain popularity among travelers if the drug gets an indication for treating jet lag.

Cancer, autoimmune drugs seen as big drivers through 2012

Medco is forecasting overall pharmacy spending to rise up to 18 percent through 2012, driven largely by diabetes, oncology and rheumatology treatments. Overall drug spending is expected to rise 3-to-5 percent this year, but then the rate increases to 4-to-6 percent the next two years.

- During that period, drug spending for diabetes and endocrine treatments, oncology treatments, and musculoskeletal/rheumatology treatments are expected to climb 31-38 percent, 40-48 percent and 37-44 percent, respectively.
- About \$46 billion in brand drug sales will fall to generic competition by the end of 2012.
- Biosimilars – generic versions of biologic drugs – are not expected to impact the market until after 2012.

Sleep deprivation: hidden consequences, hidden costs

A Medco 2010 Drug Trend Report analysis showed considerable overlap between states where people have reported frequent sleep deprivation and high drug utilization. The analysis examined Centers for Disease Control and Prevention data that showed 11.1 percent of adults reported insufficient sleep and referenced it against Medco's pharmacy claims. Of the top 20 states with the highest prescription drug utilization, 13 had a population with a high level of sleep deprivation, largely in the Southeast. Medco's analysis found notable overlap of sleep deprivation, chronic disease and the use of Provigil® (modafinil), a stimulant used to treat daytime sleepiness associated with sleep apnea. Obstructive sleep apnea is highly prevalent in patients with co-morbid chronic diseases, such as diabetes, high blood pressure or cardiovascular disease.

###