Double-Digit Prescription Drug Spending Increase? Managed Care Pharmacists Saw It Coming

In 2014, prescription drug spending in the United States increased by 12%, reaching nearly \$300 billion.*¹ By comparison, the increase in 2013 was only 2.4%, and before 2013, spending on prescription drugs had actually decreased year over year. The media paid great attention to these recently released numbers and were quick to highlight that \$11.3 billion of the spending increase was attributed to hepatitis C drugs alone.

Despite the surprise portrayed by media outlets, managed care pharmacists have been anticipating this growth in drug spending. At the 2013 Academy of Managed Care Pharmacy Annual Meeting in San Diego, Prime Therapeutics forecasted a massive increase in specialty drugs, projecting that 50% of all drug spend would be attributed to specialty drugs by 2018.² Similarly, Humana has reported that 2% of its members account for 20% of drug costs and anticipates those 2% to account for 40% of costs in 2016.³ Many formulary decision makers have likely lost sleep in recent years, since they planned for skyrocketing drug spending resulting from price increases, patent expirations, and innovative (but expensive) new medicines.

The authors who publish in the *Journal of Managed Care & Specialty Pharmacy* (JMCP) are facing increasing drug spending head-on by testing innovative formulary methods, seeking to identify cost drivers, and aiding in budgetary forecasting for payers. At JMCP, our role is to connect these authors with innovators who can adopt their lessons learned and make widespread impact on reducing health care spending while improving outcomes. Similar to our January 2016 issue, we were able to produce this themed issue on health care costs from the unsolicited number of articles we received on the topic—a testament to managed care pharmacy's focus on the issue.

The collection of articles in this issue includes in-depth assessments of cost drivers for patients who consume high health resources and the changing costs of compounded prescriptions, as well as a discussion of how managed care tenets

are being applied in Medicaid programs. There are several studies related to formulary issues, including a program that gives patients taking pregabalin the option to either switch to mail order or change to gabapentin and a study revealing variations in the management of nonformulary medication requests within the Veterans Administration system. Further, findings from 2 budget impact models that use robust methods to assess advances in treatment are included. Finally, the importance of the patient perspective in the cost discussion is underscored in a study of the impact of out-of-pocket costs on use of biologic therapies for rheumatoid arthritis.

With prescription drug spending rapidly rising, the expertise of managed care pharmacy in managing drug spend while improving health outcomes has never been more relevant. We must continue to study ways to reduce unnecessary drug costs without compromising clinical value. At the same time, we are challenged to measure the value of increased drug spending when it improves clinical outcomes. When the next annual report on drug spending is released, how will we be able to say that we contributed to improving health care?

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*According to findings from the National Health Expenditure Data; published estimates from other sources including IMS and Express Scripts are similar.