



# Pharmacy Trend: The Rising Cost of Diabetes

One hundred million Americans have diabetes or pre-diabetes and newly diagnosed cases have tripled over the past 20 years. As the seventh leading cause of death in the United States, diabetes is characterized by inadequate insulin secretion resulting in high blood sugar and potential long-term heart, kidney, eye or nerve complications. Along with the rise of newly diagnosed cases, there has been a sharp increase in the cost of medication, presenting a challenge for many diabetic patients and their employers.

## **Diabetes Drug Pricing Increases**

Diabetes has risen to the second-highest-cost drug category at \$116.23 per member per year, second only to inflammatory conditions.

### **Type-I Diabetes**

According to a Truven Health data analysis, insulin prices from manufacturers Eli Lilly and Novo Nordisk have increased 450% since 1998. Although short-acting Regular insulin has been available for decades, with no real formulation change, there was a 26% cost increase over the past three years. This price escalation has occurred across the whole insulin drug class. Both rapid-acting insulin (Novolog, Humalog) and combination insulin (Humulin NPH 70/30, Novolog 70/30) has seen a 26-28% cost increase between 2014-2017. Long acting insulin (Lantus, Levemir) has seen a slower 3-8% price increase. For clients of Scott Benefit Services, insulin products account for 3 of the Top 5 Most Utilized 2017 Diabetic Medications.

### **Type-II Diabetes**

Newer drug categories (GLP-1 and SGLT-2) have dramatically increased cost due to the high manufacturing drug cost and broad adoption. The injectable GLP-1 drug class simulates a hormone which helps to normalize blood sugar and helps the pancreas release insulin. Between 2014-2017, GLP-1 drug prices increased across the entire class (Trulicity, Byetta, Bydureon, Victoza) with price growth between 28-36%.

## **What Is Driving the Cost of Diabetes Medications?**

We believe price escalation can be directly attributed to several factors, including

- Newer much more expensive drugs (SGLT2/GLP1)
- Significant price inflation from PBMs pushing for higher rebates
- Patients moving from lower cost drugs to new higher cost drugs
- Research/development of new therapies
- Increased utilization from newly diagnosed patients
- Price spikes before brand drug patents expire

## **What Can Employers Do?**

### **Educate Employees & Provide Resources**

It is critical to educate employees about how to prevent, identify and properly manage diabetes. As a significant cost driver for overall pharmacy plans, employers should make diabetes education a primary focus. Scott's Health Risk Management team can help guide your efforts as well as help you identify the highest-cost individuals in your population and provide strategic resources to help improve your employees' quality of life and reduce costs.

### **Partner with Pharmacy Experts**

In the face of the rising costs associated with diabetes management, manufacturer rebates, pharmacy contract language and wholesaler drug discount programs play a significant role. A Scott Benefits Consultant can help you develop a holistic benefits strategy that includes specific, targeted efforts related to pharmacy.

Contact a Scott Benefits Consultant today to learn how your organization can better manage your pharmacy program.