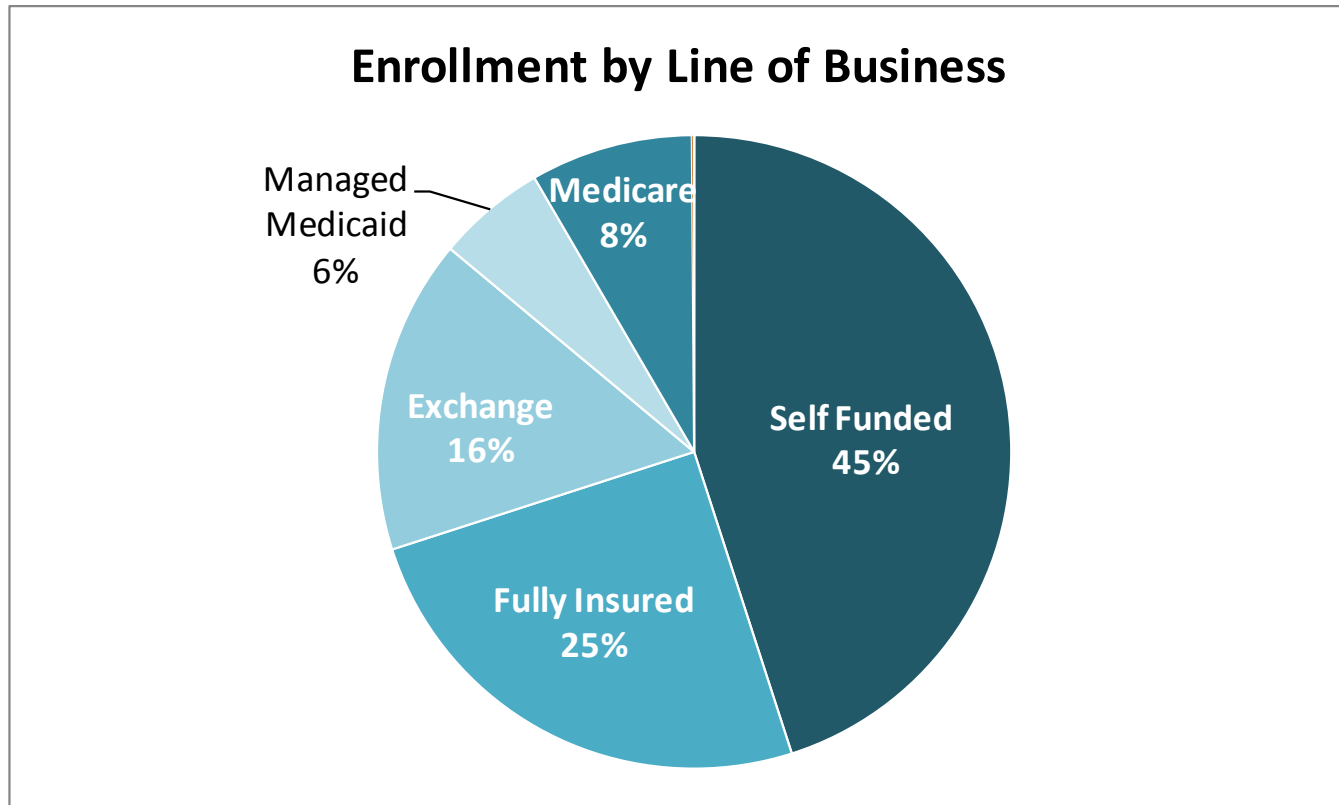


# Washington State Prescription Drug Price and Purchasing Summit

Robert Judge  
Director of Pharmacy Services  
June 14, 2016



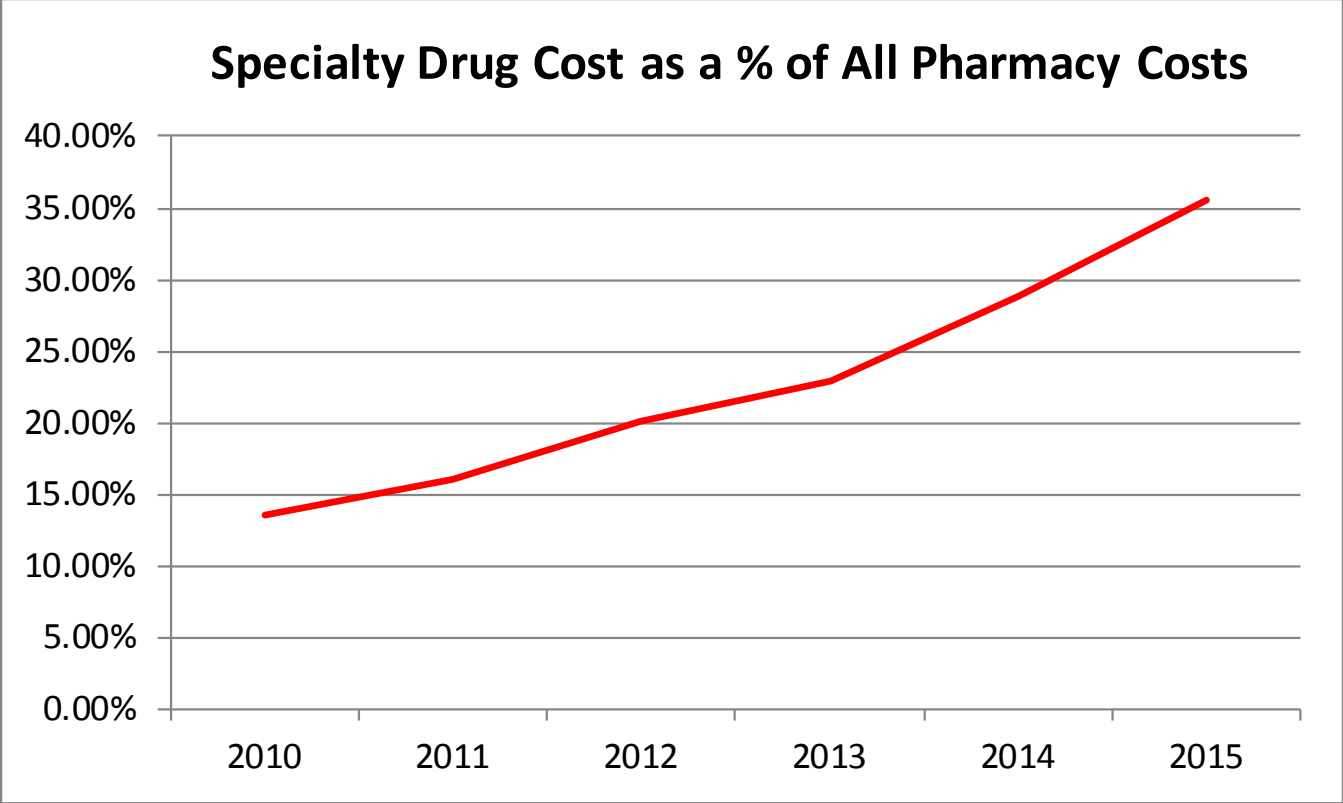
# Moda Pharmacy Composition by Segment



Moda's participation in the health care market is broad and diverse.

Source: Moda Health Data Analytics: 2010 – 2015

# Specialty Drug Cost Growth

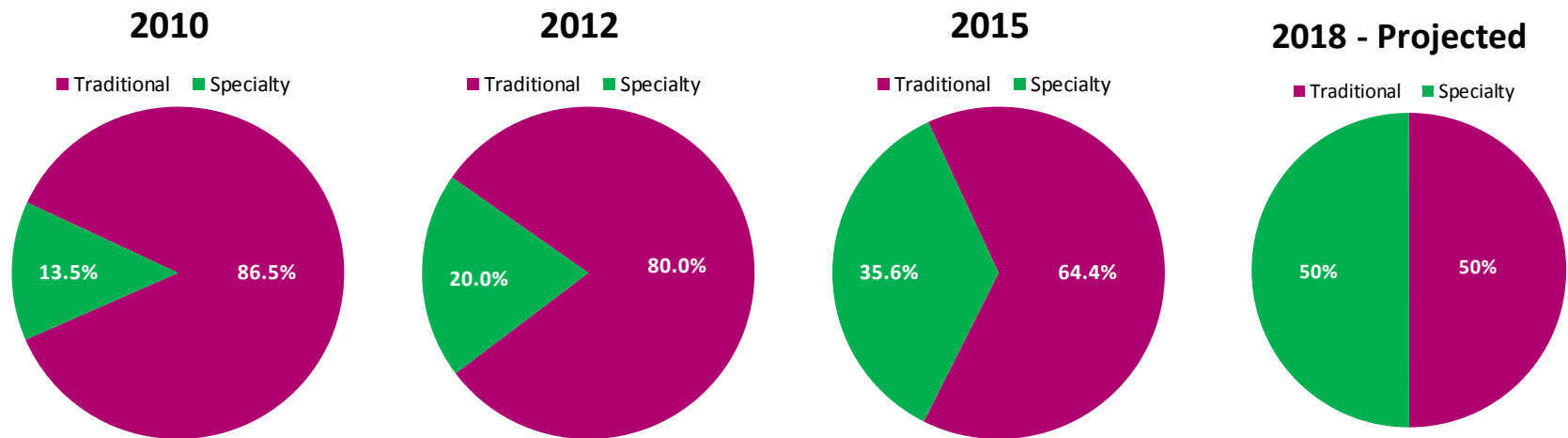


Specialty drug costs are consuming a larger share of overall pharmacy budget, increasing more than 260% since 2010.

Source: Moda Health Data Analytics: 2010 – 2015

# Prescription Spend Distribution

## Percentage Share of Overall Pharmacy Budget 2010 - 2018

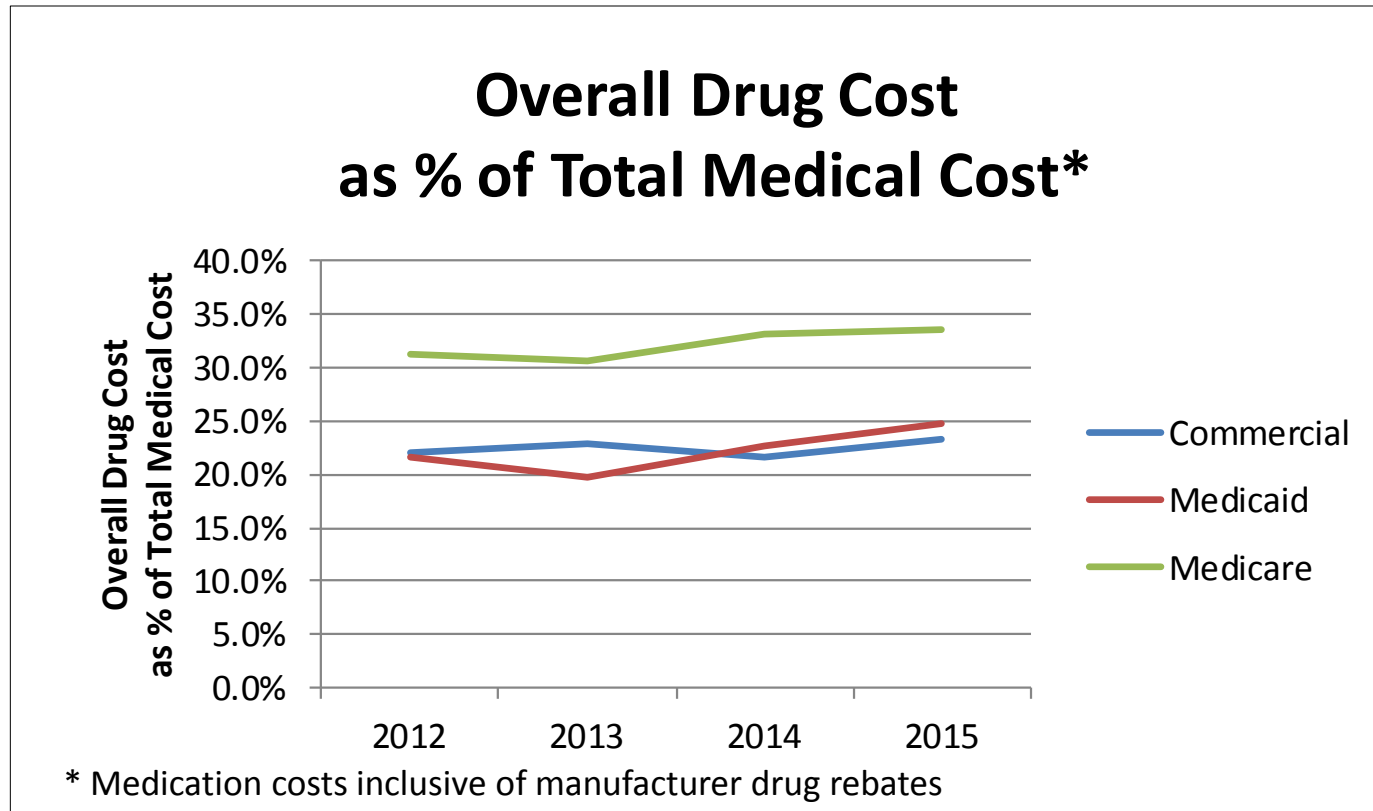


Specialty drug costs projected to account for 50% of entire outpatient pharmacy budget by 2018.

Source: Moda Health Data Analytics: 2010 – 2015

Artemetrx, Specialty Drug Trend Report, 2013 (<http://www.artemetrx.com/wp-content/uploads/2014/08/artemetrx-specialty-drug-trends.pdf>)

# Overall Drug Cost as a Percent of Total Medical Costs



While new medications may help offset healthcare costs, they consume a larger percentage of overall healthcare spending.

Source: Moda Health Data Analytics: 2010 – 2015

# Specialty Drug Costs Increase Faster Than Rate of Inflation

## Manufacturer Price Inflation Increases Faster Than Rate of Inflation

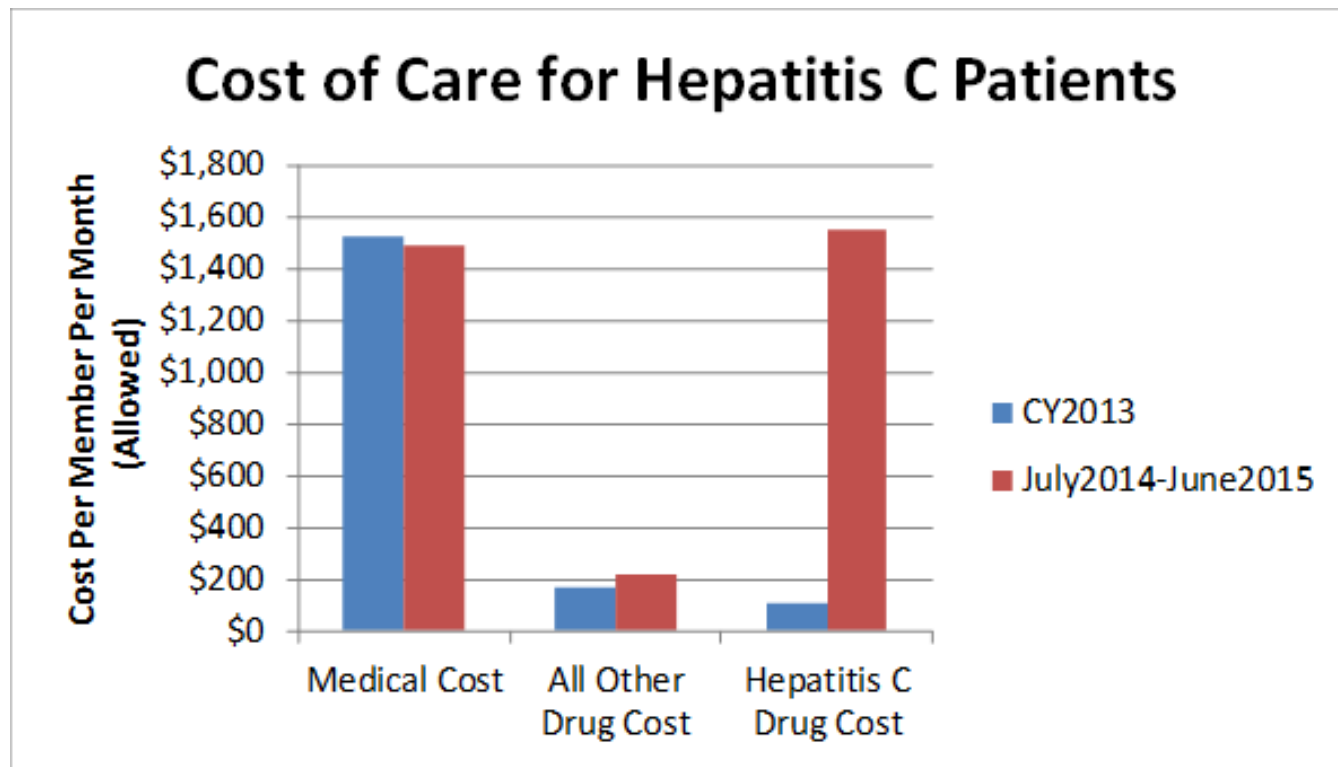
Specialty Therapeutic Class	Mfg Unit Price Increase (2013-2015)	CPI (2013 – 2015)
Analgesics / Anti-Inflammatory (drugs used to treat Rheumatoid Arthritis)	65.3%	1.7%
Psychotherapeutic / Neurological Agents (drugs used to treat Multiple Sclerosis)	35.5%	
Antineoplastics and Adjunctive Therapies (drugs used to treat Cancers)	30.8%	
Dematologic Agents (drugs used to treat Psoriasis)	120.0%	
Endocrine / Metabolic Agents (drugs used to treat Growth Hormone)	44.1%	

Price Increases for products already established in market increase financial burden patients, families, businesses, tax payers and insurers.

Source: Moda Health Data Analytics: 2010 – 2015

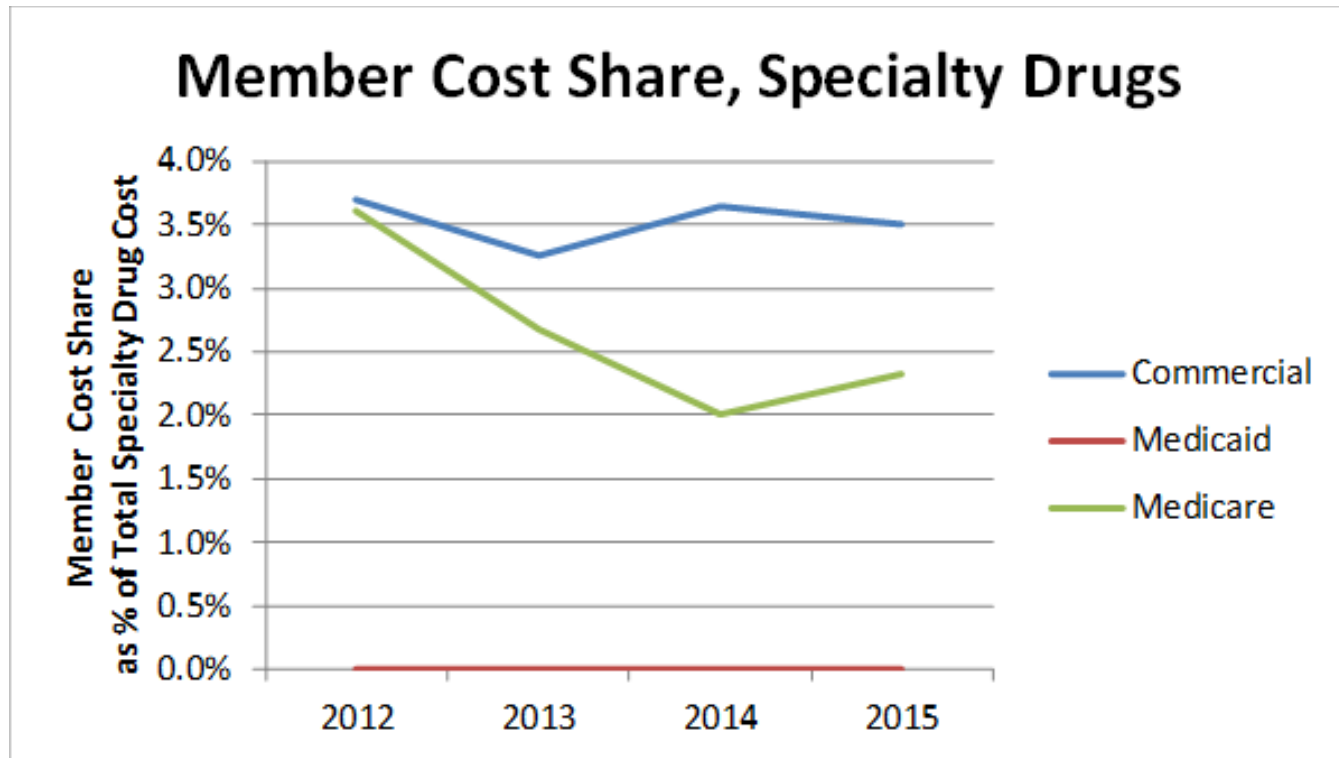
U.S. Bureau of Labor Statistics, CPI Inflation Calculator, [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)

# Example: Cost of Care for Members with HCV



High cost of new HCV drug treatment has not (yet) had a corresponding offset to medical costs. Example is highly representative of drug costs and impact on medical costs associated with other complex diseases (e.g., Cancer, RA, MS, and HIV).

# Member Cost Share for Specialty Drugs



Members pay approximately 3.5% of specialty drugs cost. With manufacturer patient assistance and other programs, the average out of pocket expense is reduced to \$25.



