

Tighten the Valve

UNDERSTANDING THE SPECIALTY DRUG PIPELINE

The proliferation and utilization of specialty drugs is the *major cost and profit driver* in the pharmaceutical industry. Below is an in-depth illustration of the current state of the pharmaceutical market, employer exposure and potential levers to *combat these costs*.

Key Drivers: \$2 TRILLION PIPELINE WITHIN 10 YEARS



Patent expirations + increased generic utilization = manufacturers find more profitable alternatives



Price inflation is growing at **double-digit rates**



Higher cost distribution: hospitals, infusion centers, etc.

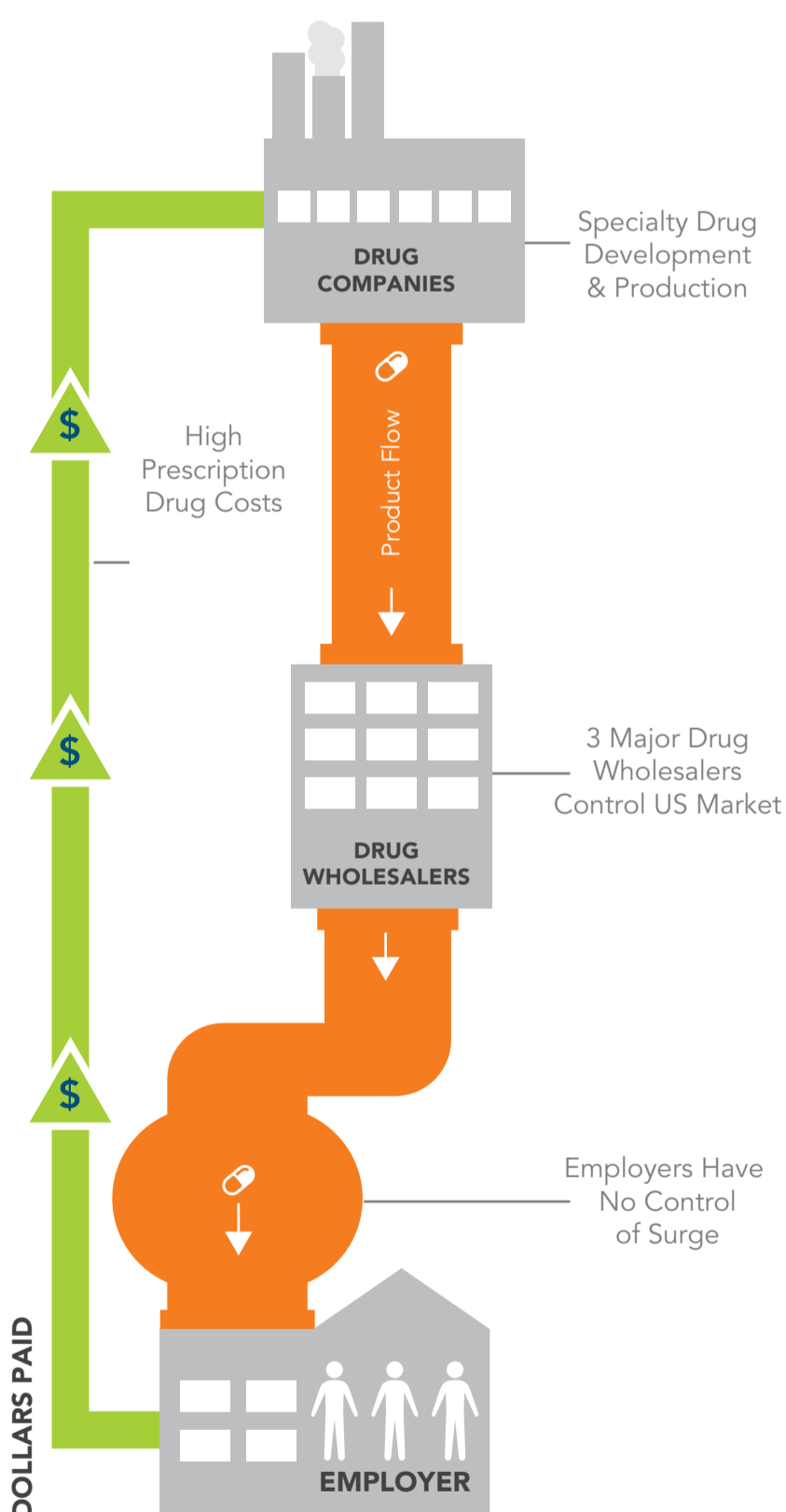


Overutilization: nonessential wasteful medications with low clinical value

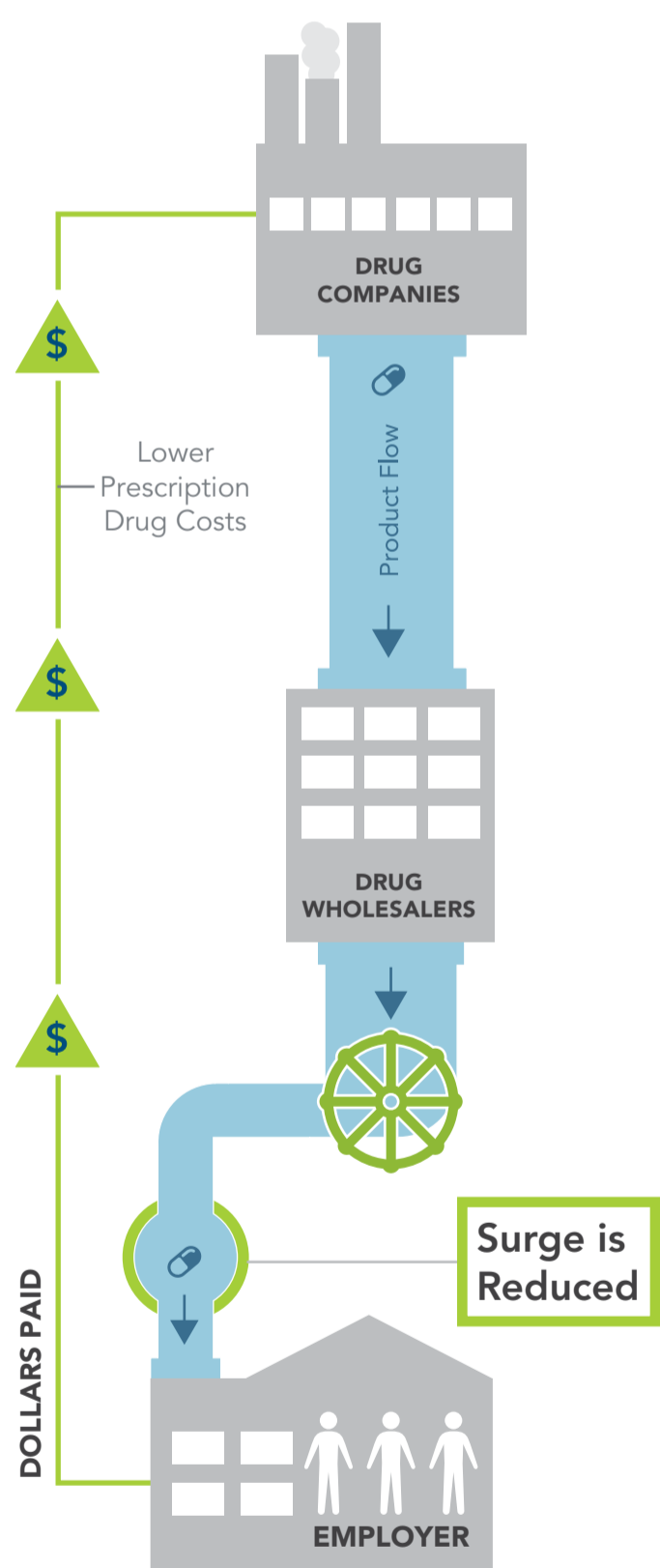


Breakthrough therapies with little or **no competition**

PROBLEM UNMANAGED



PROBLEM MANAGED



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FOUR WAYS EMPLOYERS CAN CONTROL THEIR PHARMACY SPEND:



Provider reimbursement & management



Distribution services



Benefit design



Utilization management