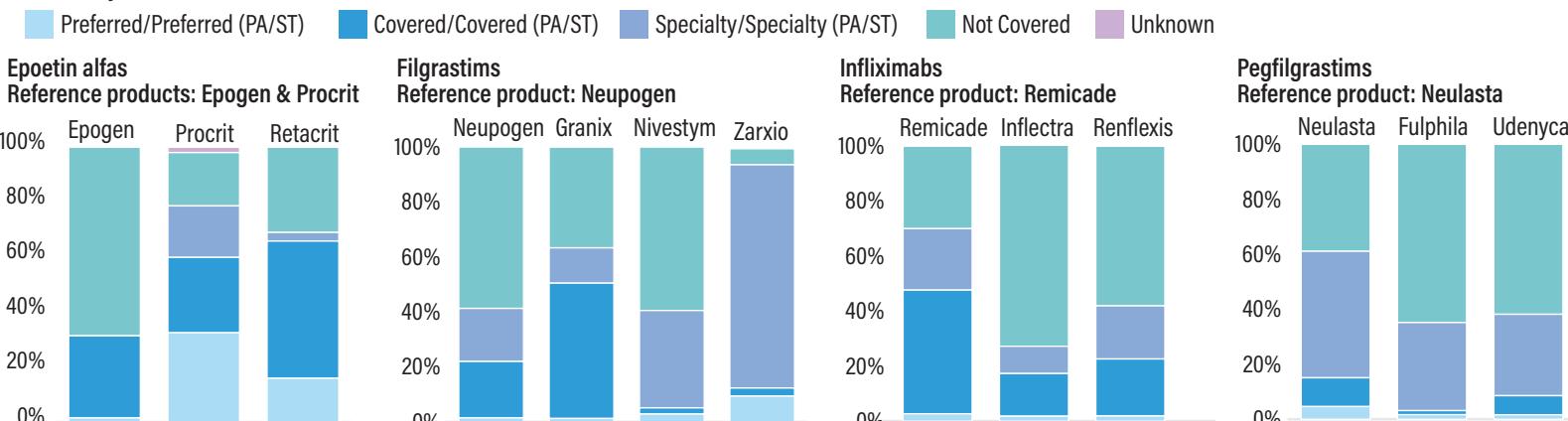


# Biosimilars Stand to Cut Costs for Medicare Part D and Beneficiaries, If Uptake Improves

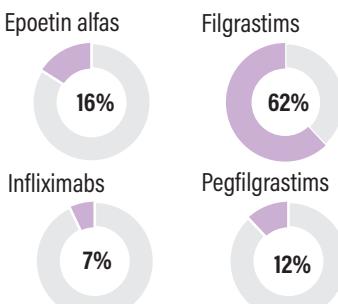
by Carina Belles

New biologic drugs cost Medicare Part D and its beneficiaries almost \$12 billion in 2019, but increased biosimilar uptake could cut spending significantly in coming years, according to a March report from HHS's Office of the Inspector General (OIG). Specifically, the OIG pointed to upcoming launches of Humira (in 2023) and Enbrel (in 2029) biosimilars as potential catalysts for change. The two biologics alone accounted for nearly half of 2019's Part D spending. Studying 2019 Part D plan formularies, the OIG found that biosimilar uptake for four select drug classes was limited due to lack of coverage, and formularies that did cover biosimilars did not encourage their use over the original reference products despite their lower cost. The OIG advised CMS to encourage payers to place biosimilars on formulary, which the agency agreed with. As of the second quarter of 2022, most Medicare beneficiaries still have better access to the biologics the OIG studied over their biosimilars, with the exception of Teva Pharmaceuticals' Granix, a biosimilar to Amgen's Neupogen, and Pfizer's Retacrit, a biosimilar to Amgen's EpoGen and Johnson & Johnson's Procrit. Granix holds covered or better status for 51% of Medicare beneficiaries, according to data from MMIT Analytics (MMIT is the parent company of AIS Health). Retacrit, meanwhile, holds 66% covered or better status.

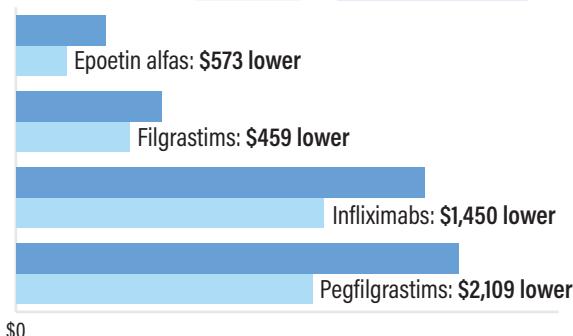
## Pharmacy Benefits: Market Access to Select Biosimilars on Medicare Formularies as of 2Q22



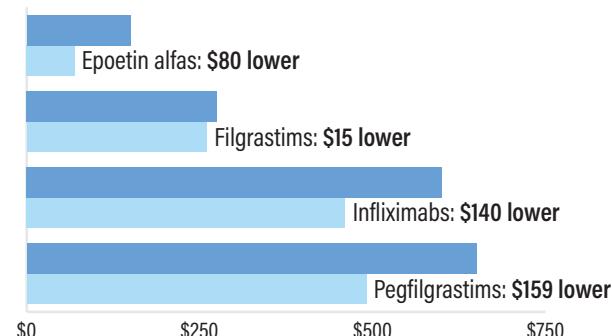
## Percent of Prescriptions That Were Biosimilars in 2019, by Drug Class



## 2019 Part D Costs: Biosimilars vs. Reference Products



## 2019 Member Costs: Biosimilars vs. Reference Products



NOTES: PA/ST = Access that requires prior authorization and/or step therapy. Under the pharmacy benefit, 48.9 million lives are covered under Medicare formularies.

SOURCES: U.S. Department of Health and Human Services, Office of the Inspector General, "Medicare Part D and Beneficiaries Could Realize Significant Spending Reductions With Increased Biosimilar Use," March 2022; MMIT Analytics as of 2Q22.