



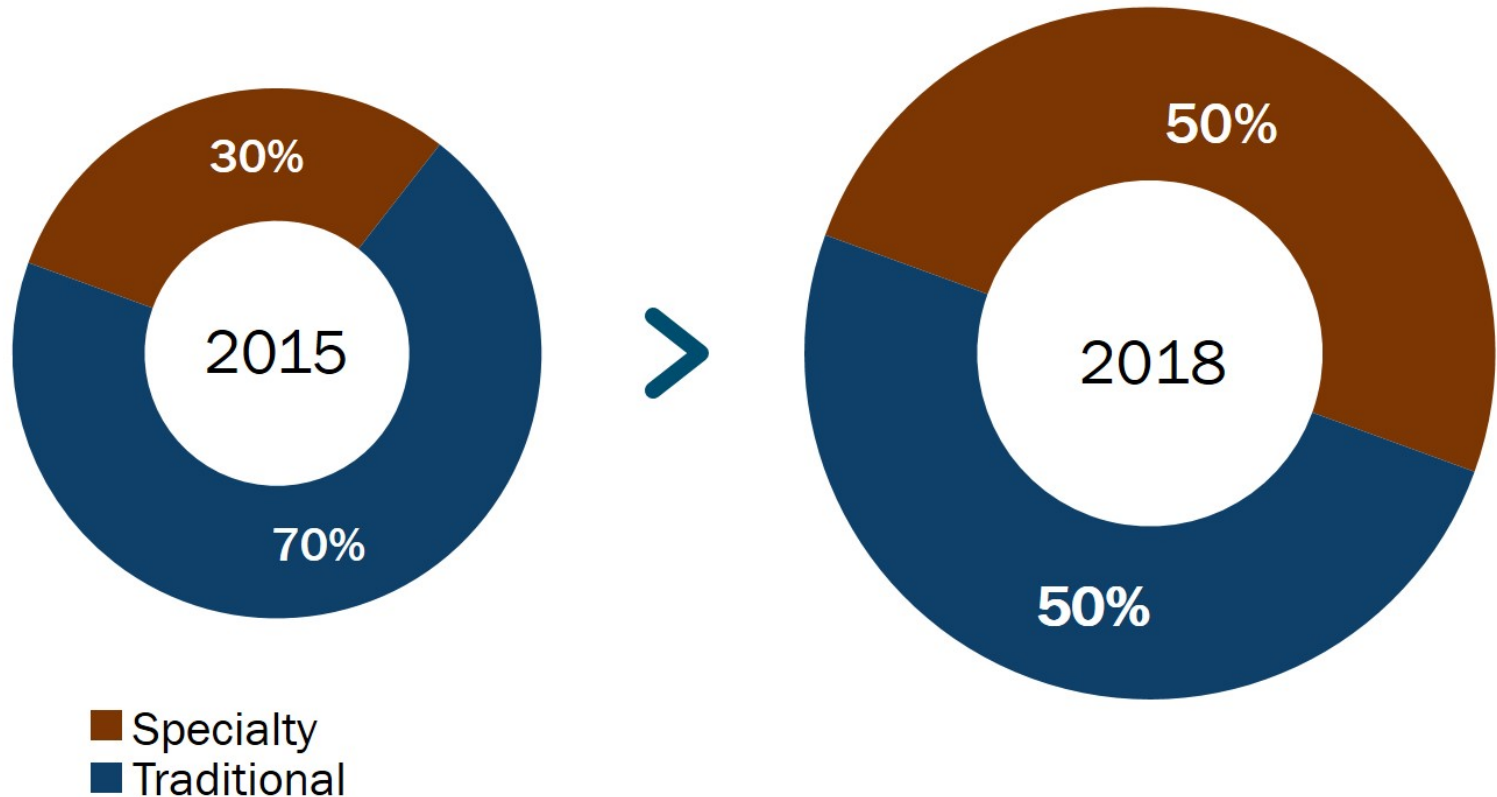
Hepatitis C: Focus on the Payer Perspective

Steve Miller, MD
Chief Medical Officer

September 13, 2016



Pharmacy spend growth continues: It's all about specialty

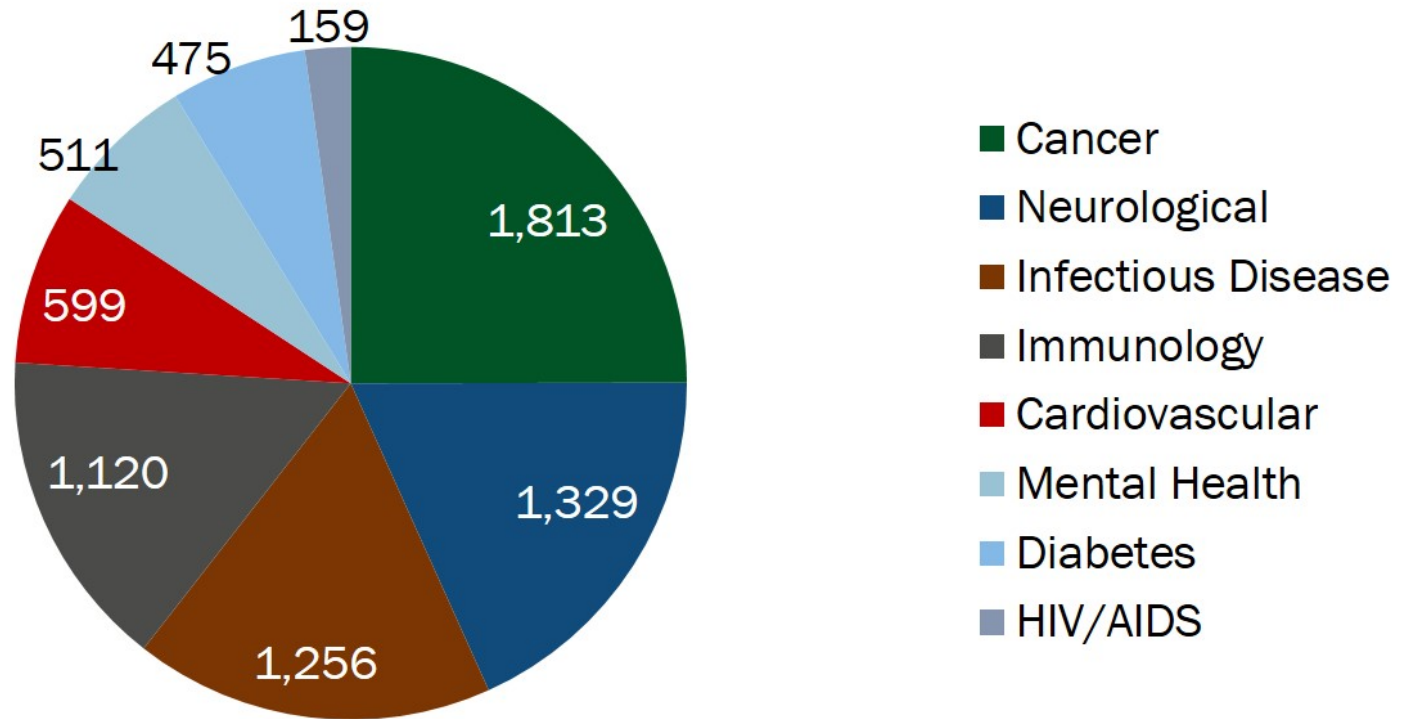


Circle graph showing how in 2015, specialty was 30% and Traditional was 70%. In 2018 specialty will be 50% and traditional will be 50%

Source: Express Scripts research

>7,000 potential drugs in development

Pipeline Products by Therapeutic Area



Pie chart showing Pipeline Projects by Therapeutic Area: Cancer 1,813; Neurological 1,329; Infectious Disease 1,256; Immunology 1,120; Cardiovascular 599; Mental Health 511; Diabetes 475; HIV/AIDS 159

Source: 2015 Profile Biopharmaceutical Research Industry, PhRMA

FDA new drug approvals keep climbing

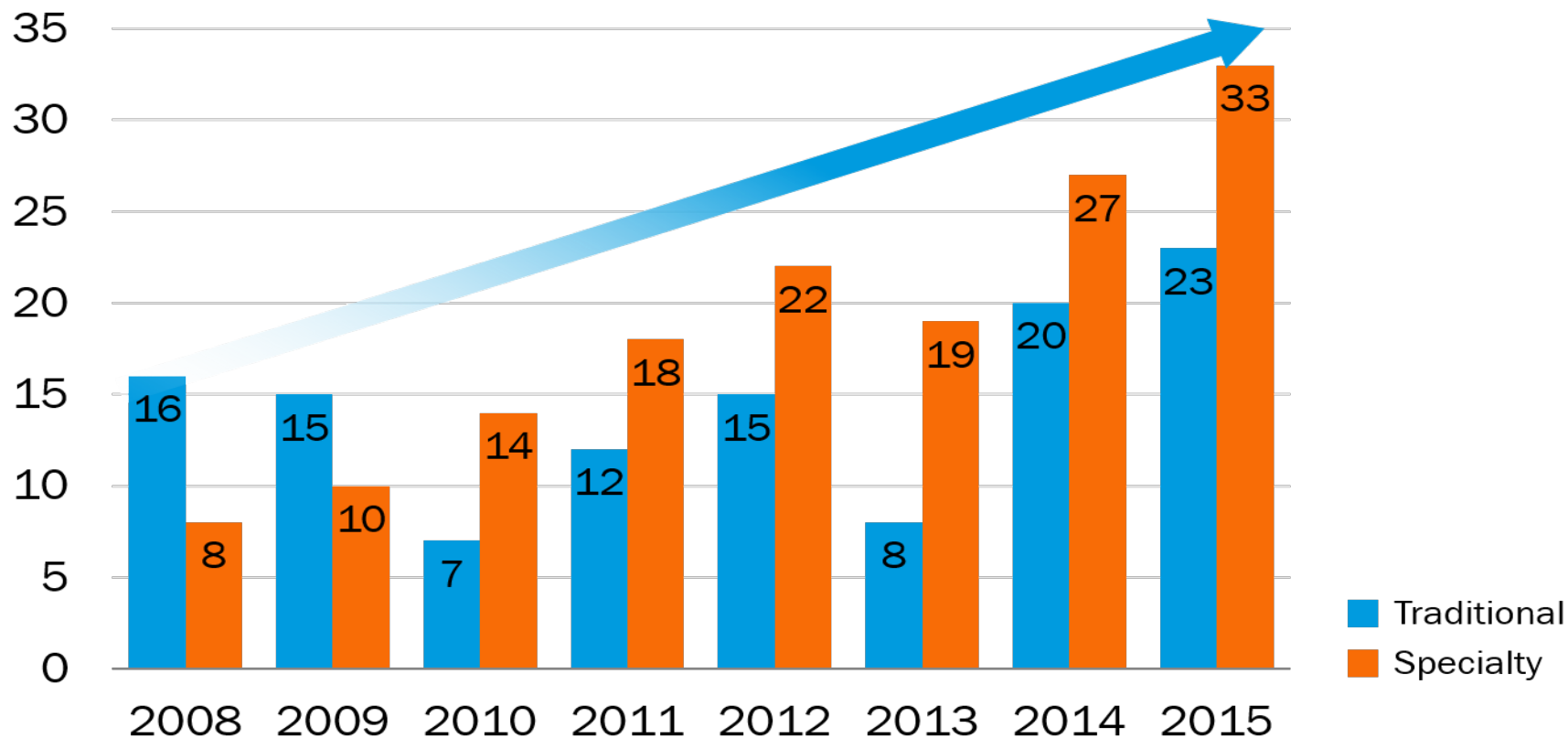


Chart showing the rise in FDA approval of specialty drugs. Data for Traditional drugs 2008: 16; 2009: 15; 2010: 7; 2011: 12; 2012: 15; 2013: 8; 2014: 20; 2015: 23; Specialty drugs 2008: 8; 2009: 10; 2010: 14; 2011: 18; 2012: 22; 2013: 19; 2014: 27; 2015: 33.

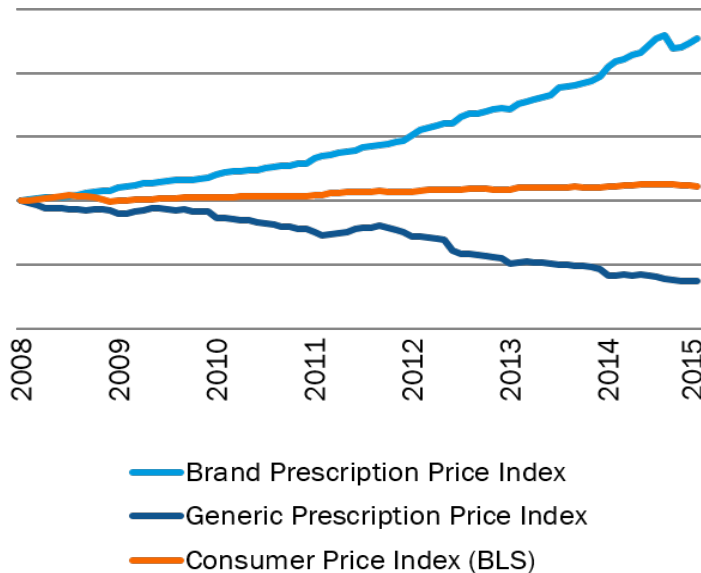
Source: U.S. Food & Drug Administration

Why is trend increasing?

Price Inflation



Higher Utilization



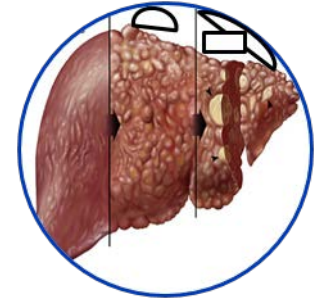
Line graph of price inflation of drugs between 2008 and 2015. Inflation trends reported reflect the brand-name prescription price index steadily increasing over the years (top line) generic prescription price index steadily decreasing over the years (bottom line), and the consumer price index remaining steady over the years (middle line).



Source: Express Scripts research

Never before have we seen such high prices
on medications that are used by so many

Costly, high-use drugs drive up spend



	Alzheimer's	Cancer	High Cholesterol	Hepatitis C
Prevalence	\$5.4 million	\$14 million	\$71 million	\$3.2 million
Annual Cost	#35,000	>\$100,000	>\$14,000	~\$100,000

Source: Express Scripts research

Sovaldi cost ignites payers & patients

At \$84,000 Gilead Hepatitis C Drug Sets Off Payer Revolt

Save +

By Drew Armstrong | Jan 27, 2014 3:09 PM CT | 119 Comments [Email](#) [Print](#)

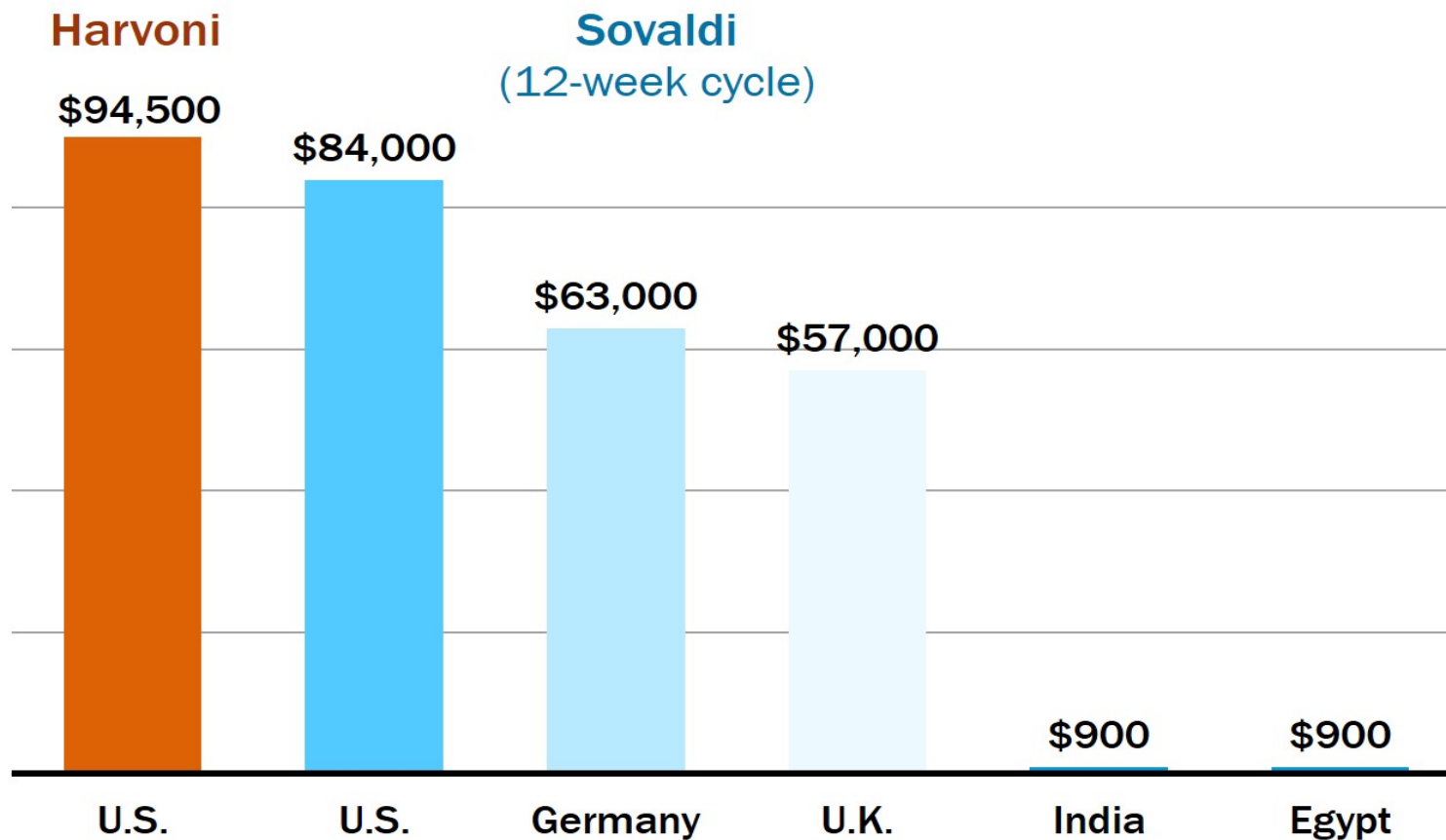


As **Gilead Sciences (GILD)** touted its new pill hepatitis C cure to investors in a hot market in **San Francisco**



Source: AIDS Healthcare Foundation.

Price shock not felt round the world



Bar chart showing price variations. Harvony cost in the U.S., \$94,500; Sovaldi cost in the US, \$84,000; Sovaldi cost in Germany, \$63,000; Sovaldi cost in the U.K., \$57,000; Sovaldi cost in India, \$900; Sovaldi cost in Egypt, \$900

Source: "The Price Of Sovaldi and Its Impact On the U.S. Health Care System," Dec. 2015 report prepared for the Committee on Finance, U.S. Senate

Innovation reduces prices...

But not in pharmaceuticals



32%



78%



88%

Cell phone cost has been reduced by 32%

TV cost has been reduced by 78%

Computer cost has been reduced by 88%

Savings in India: \$75,000+



... And More Accessible for Patients

“While treating patients at all fibrosis stages was more expensive in comparison to waiting to treat until patients reached F3 or F4, it was also more effective.”



The Comparative Clinical Effectiveness and Value of Novel Combination Therapies for the Treatment of Patients with Genotype 1 Chronic Hepatitis C Infection

HEP C DRUG DEAL SEEN AS HELPFUL TO PATIENTS

December 23, 2014 8:47 PM

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Patients will have access to Viekira Pak at all stages of the disease.

Express Scripts' recent decision to cover AbbVie's Viekira Pak treatment for hepatitis C genotype 1 -- to the exclusion of Gilead's ledipasvir/sofosbuvir combo (Harvoni) and Janssen Therapeutics' simeprevir (Olysio) -- should be seen as good news for doctors and patients, according to one hepatologist.

Critics of the decision have pointed out that Viekira Pak needs to be taken three times a day compared with once-daily Harvoni. But Reau, an associate professor of medicine at the

Hepatitis Cure Value ProgramSM



- Significant prescription discount for exclusive use of Viekira PakTM
- Specialized care and therapy management from Accredo's hepatitis clinicians
- Guaranteed medication adherence
- Financial cap for extended therapy

Proven results curing Hep C

- Adherence rates >95%
- Cure rates >96%
- All patients have access, not just sickest
- Cured more people with hepatitis C than at any time in history

\$1B

**in savings for our
book of business
in 2015**

Pharmaceutical companies

SHOW BETTER JUDGMENT IN PRICING

SUPPORT BIOSIMILARS



REFORM PATENT SYSTEM

REDUCE INTERNATIONAL PRICE DISPARITIES

Federal government

BOOST NIH RESEARCH

**BETTER FUND AND
REFORM FDA**



TORT REFORM

BRING COST INTO CARE EQUATION

Payers

RATIONAL BENEFIT DESIGNS

ADVOCATE FOR POLICY CHANGES



WORK TOGETHER FOR COMMON CAUSE

Summary

1. Exorbitant drug pricing threatens the pharmacy benefit
2. Specialty trend is an ongoing and growing challenge
3. Value based contracting is crucial moving forward
4. New drugs will help many patients but we can't afford to "waste" any money