



# Addressing the continued rise in pharmacy costs

Rising medication prices are a concern, but selecting a carrier that integrates benefits may help lower costs and improve health outcomes.

Pharmacy costs continue to rise as drugmakers increased the price of 453 medications at the start of 2024 with additional price hikes expected.<sup>1</sup> In fact, total drug spending has continued to inch up year after year, with the average cost of a prescription drug coming in at \$590 in 2023 – an increase of \$429 over 6 years.<sup>2</sup>

Driving this trend are rising production and distribution costs from manufacturers, higher utilization of specialty drugs for managing chronic conditions and more patients routinely using the health system compared to a few years ago.<sup>3</sup> Unfortunately, no matter the cause, rising drug prices have real consequences: 1 in 3 Americans surveyed said they have difficulty affording their prescription medications.<sup>3</sup>

And while new specialty drugs and therapies have the potential to improve health outcomes, many of them are unsustainably expensive. Although they make up less than 2% of overall volume, specialty medications account for more than 60% of total pharmacy spending, according to UnitedHealthcare data.<sup>4</sup> That may be surprising, but consider these examples:

- Among specialty drugs used to treat adults with moderately to severely active ulcerative colitis, a newer drug on the market costs approximately \$75,000 per year<sup>5</sup>
- A one-month supply of GLP-1 drugs used to treat type 2 diabetes – several of which are now approved for treating obesity – can exceed \$1,000<sup>6</sup>

Consequently, when employers are designing their benefit strategies, many are exploring ways to make up for these costs, causing some to raise employee health care contributions or deductibles, or even end coverage entirely for certain drugs. Employers looking to take a more strategic approach to cost management may want to consider **integrating pharmacy and medical benefits** and working with a carrier that advocates and collaborates for lower pharmacy costs on behalf of employers and members.



60%

of total pharmacy spend is for specialty medications<sup>4</sup>



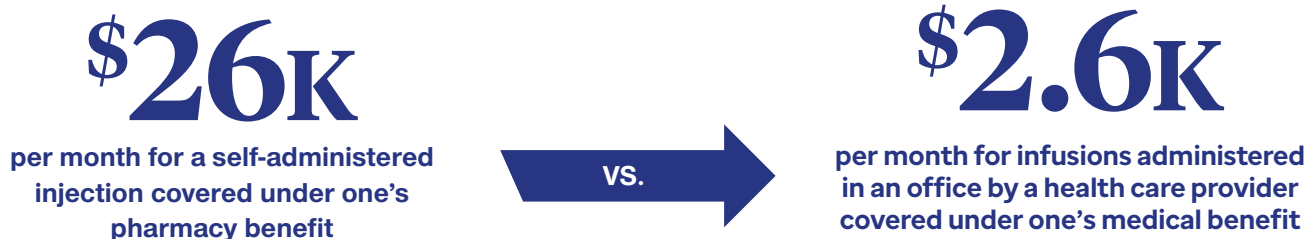
**“Drug prices are so extraordinarily high and contribute so much to the cost of health care that employers are now in a position where they have to make more difficult choices about how to spend their money.”**

**Matthew Vesledahl**

Chief Affordability Officer  
UnitedHealthcare Employer & Individual

## Integrating pharmacy and medical benefits

Less-than-optimal treatment decisions are more likely when a patient does not have **integrated medical and pharmacy benefits**. Matthew Vesledahl, chief affordability officer for UnitedHealthcare Employer & Individual, offers an example involving medications used to treat neuromyelitis optica spectrum disorder (NMOSD), a rare condition which can be treated with different medications. The cost of the drug could vary significantly:



Someone with separate medical and pharmacy benefit carriers may end up receiving the \$26,000 injection because their carrier and pharmacy benefit manager (PBM) are not synced on how to manage treatments that have options under both benefits.

“If you integrate your medical and pharmacy benefits under one carrier, you are more likely to end up with a better cost outcome than if you didn’t,” Vesledahl says. “If you don’t manage holistically across your benefits, you risk higher costs.”

Part of this process includes screening any specialty drug that comes to market to ensure that it’s safe, effective and delivers value.

“Every drug first goes through a rigorous clinical review process led by our pharmacy and therapeutics committee,” says Susan Maddux, chief pharmacy officer for UnitedHealthcare Employer & Individual. “As part of our clinical and coverage evaluation, we also ask, ‘Is there a less expensive drug available for treating the same condition with similar outcomes?’ Those are the kinds of cost benefits we weigh.”

## Working with a carrier that advocates and collaborates on behalf of the employers and members it serves

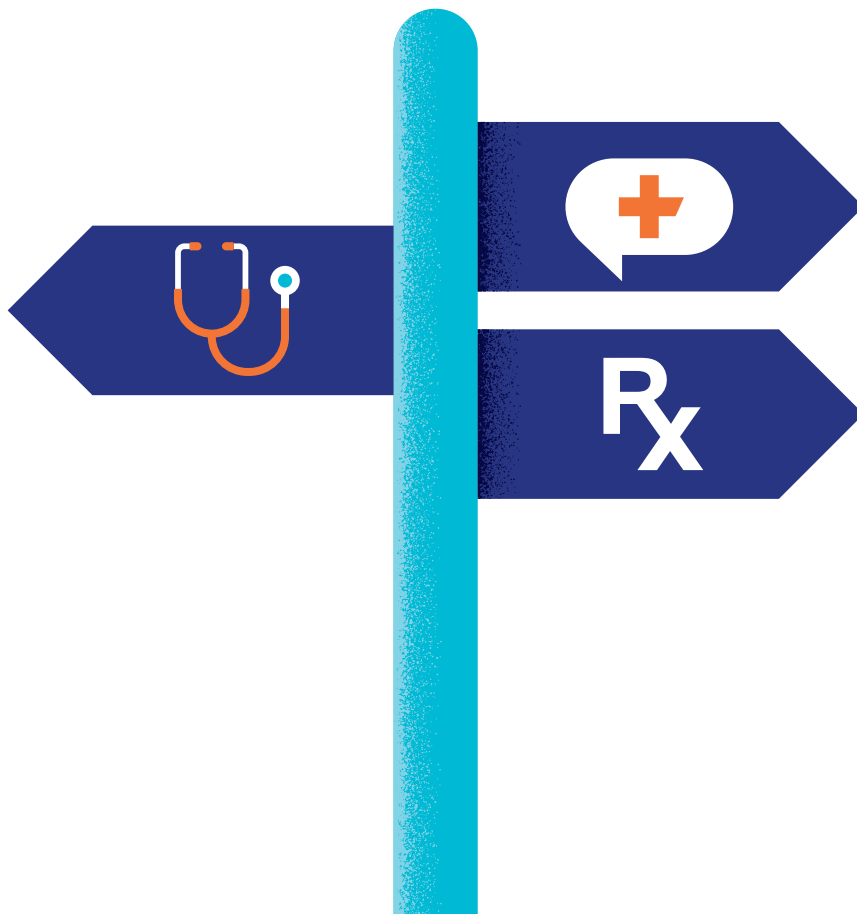
The potential to reduce costs and expand access through collaboration across the health system is growing alongside the complexity and variety of treatments. One strategy is to work with a carrier that collaborates on behalf of the employers and members it serves by negotiating prices with drug manufacturers, advocates for certain government policies or protections, advises employers on which drugs or treatments to cover and equips providers and members with the information they need to help make more informed decisions.

“At UnitedHealthcare, we recognize that the cost of care – specifically in the pharmacy space – is unsustainable, and that’s why we are in constant conversation with drug manufacturers and the government to help ensure we are doing everything in our power to help make the cost of care more affordable downstream for our members and our clients,” explains Vesledahl.

Beyond that, UnitedHealthcare also meets regularly with brokers, consultants and employers to discuss the challenges they may be facing to offer strategic guidance.

“Our account and client management teams are often asking me to join their meetings to showcase what my team is seeing within our claims data, and oftentimes the focus is on pharmacy costs,” explains Craig Kurtzweil, chief data and analytics officer for UnitedHealthcare Employer & Individual. “That data conversation then enables our teams to have more strategic discussions with our clients about what they can do, or what others have done, to better manage that spend.”

At the same time, providers are the ones prescribing certain drugs for their patients, so it’s important that they have the information needed to recommend the most appropriate yet cost-effective care plans. With Point of Care Assist®, a member’s cost and coverage information is embedded into a provider’s electronic medical record. And PreCheck MyScript® prompts prescribers when there is a lower-cost drug alternative, saving employers an average of \$237 and members an average of \$119 each time they switch to a lower-cost alternative drug.<sup>7</sup>



Additionally, the UnitedHealthcare Cancer Guidance Program uses evidence-based treatment, utilization management and analytics to help oncologists find quality, cost-efficient cancer treatment regimens for their patients – and obtain faster prior authorizations.

“The Cancer Guidance Program improves the physician experience because it’s an easier path for physicians to get approvals for the entire cancer regimen, both infused and oral medications. It also improves the member experience because someone could potentially start the therapies earlier,” Maddux says.

From a member perspective, UnitedHealthcare and Optum Rx® – the pharmacy care services company within Optum, an affiliate company of UnitedHealth Group – have taken several steps to help make it easier for members to make more informed health care choices and get the drugs or treatment they need. These initiatives include:

- Eliminating all out-of-pocket costs for **5 vital medications** – including insulin, epinephrine, glucagon, naloxone and albuterol – for eligible members
- Launching Price Edge, a tool that allows members to search and compare prices for a broad set of generic drugs to help ensure they are getting the most competitive price possible, whether or not it is covered under their benefits
- Alerting members via the **UnitedHealthcare® app** or **myuhc.com®** when a lower-cost medication alternative is available, saving members an average of \$93 per month<sup>9</sup>

# \$1.21

saved per member per month in pharmacy and medical benefit therapies with the Cancer Guidance Program<sup>8</sup>

# \$53M

member savings generated through the UnitedHealthcare Vital Medication Program<sup>10</sup>

## Learn more

Contact your broker, consultant or UnitedHealthcare representative or visit [uhc.com/broker-consultant](https://uhc.com/broker-consultant) or [uhc.com/employer](https://uhc.com/employer)

# United Healthcare

There for what matters™

<sup>1</sup> Twenter, P. Drug cost trends in 2024 are “nearly unprecedented,” research finds. Becker’s Hospital Review, Jan.17, 2024. Available: <https://www.beckershospitalreview.com/pharmacy/drug-cost-trends-in-2024-are-nearly-unprecedented-research-finds.html>.

<sup>2</sup> Bosworth, A., et al. Changes in the List Prices of Prescription Drugs, 2017-2023. Assistant Secretary for Planning and Evaluation (ASPE), Oct. 6, 2023. Available: <https://aspe.hhs.gov/sites/default/files/documents/0cdd88059165eef3bed1fc587a0fd68a/aspe-drug-price-tracking-brief.pdf>.

<sup>3</sup> The impact of rising prescription drug costs on employers and employees. MarshMcLennan Agency, April 3, 2024. Available: <https://www.marshmma.com/us/insights/details/health-care-economics.html>.

<sup>4</sup> UnitedHealthcare 2023 Commercial Fully Insured data, post-rebate, allowed amount.

<sup>5</sup> Drug Spend for IBD Drugs Could Shift to Pharmacy Benefit. Formulary Watch, Nov. 9, 2023. Available: <https://www.formularywatch.com/view/drug-spend-for-ibd-drugs-could-shift-to-pharmacy-benefit>.

<sup>6</sup> The GLP-1 Game Plan. Optum Rx. Available: <https://www.optum.com/content/dam/o4-dam/resources/pdfs/e-books/orx-glp1-weight-loss-ebook.pdf>.

<sup>7</sup> Optum Rx analysis of full-year (Apr 2022 – Mar 2023) trial claim and production claim data.

<sup>8</sup> For those eligible. UnitedHealthcare data through July 2020. Cancer Guidance Program Book of Business analysis Auto-approval Aug. 2020 – Oct. 2020. ROI based on current \$1 savings/current Cancer Guidance Program rate.

<sup>9</sup> UnitedHealthcare internal data, April–Nov. 2022.

<sup>10</sup> UnitedHealthcare internal analysis, Jan.–Dec. 2023.

The UnitedHealthcare® app is available for download for iPhone® or Android®. iPhone is a registered trademark of Apple, Inc. Android is a registered trademark of Google LLC.

Cancer Guidance Program is a program, not insurance. Availability may vary on a location-by-location basis and is subject to change with written notice. UnitedHealthcare does not guarantee availability of programs in all service areas and provider participation may vary. Certain items may be excluded from coverage and other requirements or restrictions may apply. Please check with your UnitedHealthcare representative.

All trademarks are the property of their respective owners.

Employee benefits including group health plan benefits may be taxable benefits unless they fit into specific exception categories. Please consult with your tax specialist to determine taxability of these offerings.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by United HealthCare Services, Inc. or their affiliates.

B2B EI232140150.2 9/24 © 2024 United HealthCare Services, Inc. All Rights Reserved. 24-3407454-M

# Thought Leadership images

Articles, case studies & study summaries



1000x300 image (lifestyle/stock image) JPG



1200x627 image (lifestyle/stock image) JPG



400x466 thumbnail (2 pages) PNG

**Naming:** (like standard process)

Subject-what

See tactic list

EI00000000\_Thought-Leadership-label\_tactic\_size.jpg

Asset ID matching job

White-paper, article, case study,  
ebook, placemat, etc.

Make sure the  
file size is under

↓ **1MB**

\*No frames on images with thumbnails.