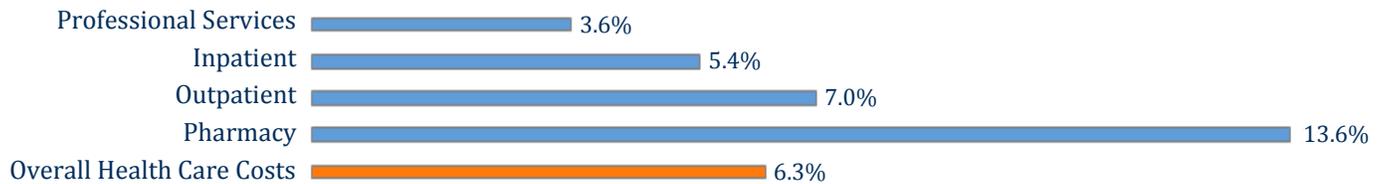


The Spike in Drug Costs



Pharmacy costs increased dramatically from 2014-2015 by 13.6 percent, outpacing other components of medical care with nearly all of the change due to an increase in the average cost per prescription.

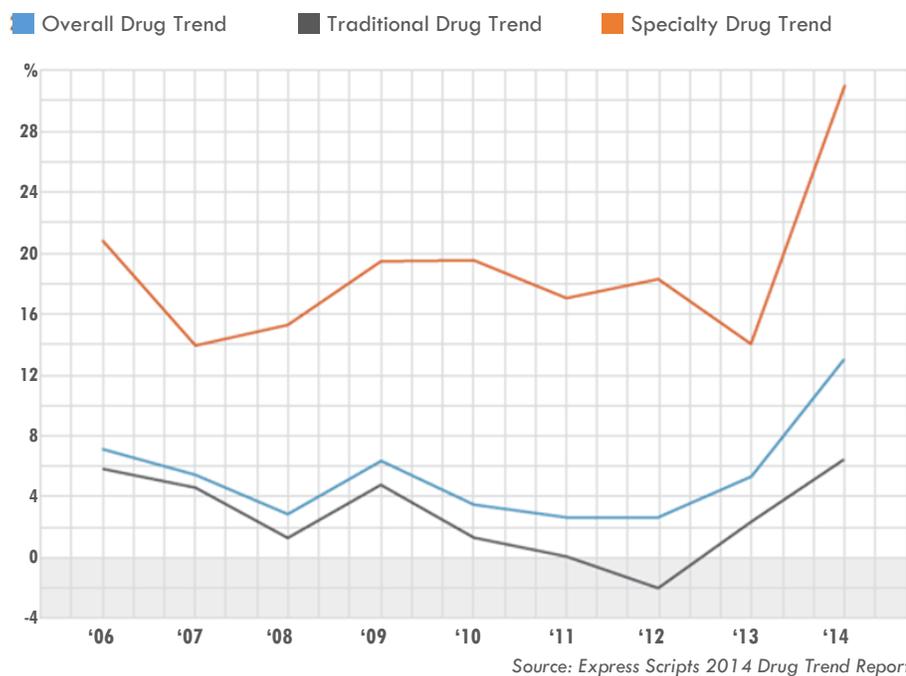
MILLIMAN MEDICAL INDEX GROWTH RATE: 2014-2015



Adapted From: 2015 Milliman Medical Index

The cost of specialty drugs is an urgent concern that is driving up national drug spending at an alarming rate — and we all bear the cost.

TRADITIONAL, SPECIALTY AND OVERALL TREND: 2006 - 2014



An ACHP member health plan:

Increasing premiums to cover increased specialty drug costs is not a feasible option for our plan. To be able to afford the Hepatitis C drugs alone, our premiums would need to increase by \$52 per member per year. PCSK9 drugs for high cholesterol would require a \$92.40 per-member-per-year increase to treat 5 percent of these members.

An ACHP member health plan:

We continue to observe an upward trajectory in specialty drug costs at our plan. In our commercial line of business, specialty drug costs increased by 11.7 percent last year and we have already seen a year-to-date increase of 40 percent in 2015.

If solutions are not found soon, every segment of U.S. society will have difficulty affording increased prescription drug costs.

- ◆ **Consumers** may be unable to afford their drugs due to high out-of-pocket expenses.
- ◆ **Employers** may be forced to cut other benefits in order to fund rising drug costs.
- ◆ **Health care providers** could see an increase in complications and other disease-related issues, due to patients skipping doses because of costly medications.
- ◆ **Insurers** will struggle to keep premiums affordable, while also ensuring that the people who need these drugs have access to them.
- ◆ The **federal government** is experiencing increasing pressure to spend more money to bear the costs of these drugs through Medicare, Medicaid and subsidies for insurance exchanges, but further increases will likely be unsustainable.