

EMPLOYEE BENEFITS

Will Biosimilars Help Save Employers Money?

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After many years of maintaining its top-selling status without competition, Humira® will soon have multiple biosimilar candidates to challenge its biological treatment for inflammatory disease.

Biosimilars are FDA-approved medical products with almost identical copies of the original patented biological treatments. They are clinically equivalent but are not the same.

Humira Is the Costliest Drug for Employers, but Will Its Biosimilars Save Employers Money?

The short answer is yes, but it may take time and the savings may differ for employers depending on their Pharmacy Benefit Managers (PBMs). There are several reasons why cost savings may not be immediately seen.

On the one hand, biosimilars present competition; generally, costs decrease as competition increases. However, unlike traditional generic drugs, pharmacists will not be able to make automatic substitutions with biosimilars that do not have an interchangeable designation. Unless the FDA authorizes a biosimilar as “interchangeable,” patients will be required to obtain a physician’s prescription to change to

As competition increases from biosimilars, it is worth noting that generic drugs – chemically equivalent, having the same active ingredients as traditional branded drugs – have helped save employers millions of dollars. According to the IMS Health Institute, generic drugs saved the U.S. healthcare system \$2.2 trillion from 2009 to 2019.¹ The question is whether biosimilars will result in savings.

a biosimilar. It’s unclear whether physicians will prescribe them. A survey of rheumatologists found that only 35% felt comfortable switching a patient doing well on Humira to a biosimilar.²

Also, we do not know how AbbVie will alter its pricing for Humira in response to the competition. PBMs are developing formulary strategies based on the lowest net cost options. Will AbbVie and the manufacturers of biosimilar competitors pay for preferred formulary status with discounts and rebates? The situation will be fluid as new biosimilars are released.

¹ <https://accessiblemeds.org/sites/default/files/2020-09/AAM-2020-Generics-Biosimilars-Access-Savings-Report-US-Web.pdf>

² <https://doi.org/10.1093/rheumatology/keaa502>



Another factor in this dynamic environment is the potential impact on specialty manufacturer assistance programs. Due to Humira's potential market share decline based on the increased competition, the availability of funds may become unpredictable.

What Should Employers Do Today?

Employers should talk with their PBM to understand their Humira biosimilar strategy and how it will impact their plan spend and member experience. Specifically:

- **Formulary Modifications:** Will there be any formulary changes? Will there be exclusions of either Humira or other biosimilar options? Are there plans for additional utilization management?
- **Contract Considerations:** Will the PBM revise its contract to allow for more transparency? How will the PBMs provide price transparency on biosimilars and biologic specialty drugs? How will the PBM leverage discounts and rebates to help drive the lowest net cost?
- **Clinical Adaptations:** As the formulary positioning of biosimilars evolves, physician prescribing patterns will evolve. Is the PBM monitoring physician acceptance of biosimilars? What assistance will the PBM provide to minimize member disruption as tiering may change? What are their plans to educate members on the value of biosimilars?
- **Shifts in Specialty Programs:** How will the PBM's copayment and patient assistance programs change? Will decreases in revenue mean that manufacturers of brand biologics reduce funding for copay assistance and patient assistance programs? Will manufacturers of biosimilars begin offering these programs?

The market is evolving rapidly as more biosimilars come to market. We recommend that employers regularly check back on these issues with their PBM throughout 2023 and 2024.

Brown & Brown's pharmacy specialists are closely monitoring developments and are available to support you in working with your PBMs.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



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