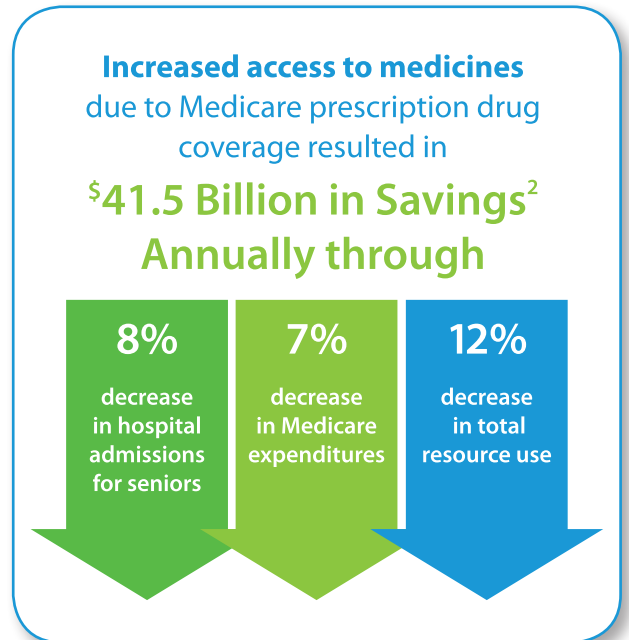


Innovative Drug Therapies Require Health Care Financing Solutions to Match

Over the past three decades, scientists, health care providers, insurers and patients have played an important role in the discovery and development of the next generation of innovative and life-saving therapies.

Breakthrough and specialty medications are leading the next revolution in health care services and health care savings in the long-term.



Federal Government Credits Prescription Drug Adherence with Reducing Health Care Costs

The **Congressional Budget Office (CBO)** changed its scoring methodology to reflect savings in medical spending associated with policies that increased use of medicines in Medicare. A recent report by the CBO illustrated the beneficial impact adherence to prescription medicines is having on reducing other health care spending.

Based on this methodology, the CBO now scores every 1% increase in the number of prescriptions filled with a 0.20% decrease in spending on other medical services, such as emergency department visits and hospitalizations. This non-partisan legislative scoring agency has credited effective use of medications with saving health care costs.¹

Sources:

¹Congressional Budget Office. Offsetting Effects of Prescription Drug Use on Medicare's Spending for Medical Services. November, 2012. <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43741-MedicalOffsets-11-29-12.pdf>.
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⁴McDermott MM, Schmitt B, Wallner E. Impact of medication nonadherence on coronary heart disease outcomes: a critical review. *Arch Intern Med*. 1997;157(17):1921–9
⁵Lau DT, Nau DP. Oral antihyperglycemic medication nonadherence and subsequent hospitalization among individuals with type 2 diabetes. *Diabetes Care*. 2004;27(9):2149–53.
⁶Sokol MC, McGuigan KA, Verbrugge RR, Epstein RS. Impact of medication adherence on hospitalization risk and healthcare cost. *Med Care*. 2005;43(6):521–30.
⁷Grabowski DC, Lakdawalla DN, Goldman DP, et al. The large social value resulting from use of statins warrants steps to improve adherence and broaden treatment. *Health Affairs*. 2012;31(10):2276–2285. doi:10.1377/hlthaff.2011.1120.

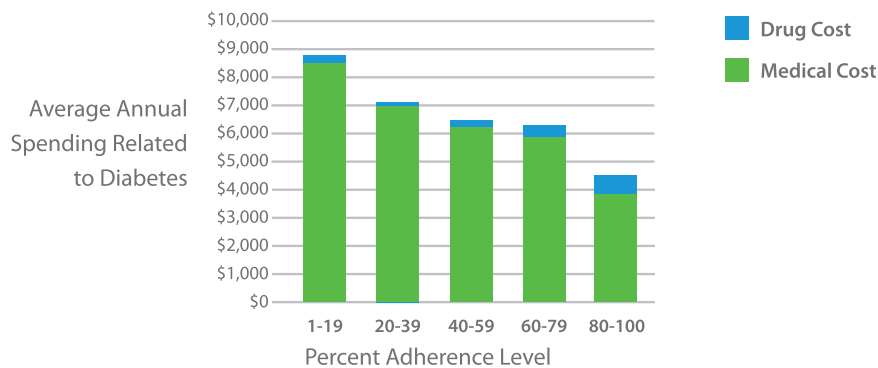
Higher Adherence to Medicines Are Reducing Overall Cost of Care

Medicines help patients live healthier lives and reduce the need for more costly health care services. Patients who adhere to their medications enjoy better health outcomes and make less use of the emergency room visits, hospital stays, surgeries, and long-term care – which result in savings to the health system overall.^{3,4,5,6}

PREVENTION
THROUGH TREATMENT
SAVES BILLIONS



Health Care Costs at Varying Levels of Medication Adherence



\$1 SPENT
on treatments
and vaccines
Saves
BILLIONS
Annually

\$5 Billion
Savings

\$1 more spent on treatments for heart disease = \$3 to \$10 dollars in savings on emergency room visits and hospitalizations^{7,8,9}

\$8.3 Billion
Savings

\$1 more spent on diabetes treatments = \$7.10 less spent on other medical services.^{10,11}

\$295 Billion
Savings

\$1 spent on childhood vaccinations = \$10.20 saved in disease treatment cost.^{12,13}

Insurance Coverage Must Evolve to Recognize the Value of Medical Breakthroughs

Just as insurance coverage has been able to spread the risks and costs of expensive services like hospitalizations, **health benefits must evolve to improve and not be a barrier to patients** accessing more cost-effective and medically beneficial treatment options.

Sources continued:

⁸Roebuck, M. Christopher, Joshua N. Liberman, Marin Gemmill-Toyama and Troyen A. Brennan. "Medication Adherence Leads to Lower Health Care Use and Costs Despite Increased Drug Spending." Health Affairs 30 (2011): 91-99.

⁹Shapiro, Adam Hale. Federal Reserve Bank of San Francisco Working Paper Series. Does Medicare Part D Save Lives? Abe Dunn Bureau of Economic Analysis. Federal Reserve Bank of San Francisco. February, 2015. <http://www.frbsf.org/economic-research/files/wp2015-04.pdf>.

¹⁰Adapted from M. Sokol et al, (2005) "Impact of Medication Adherence on Hospitalization Risk and Healthcare Cost," Journal of Medical Care 43 (6). <http://www.ncbi.nlm.nih.gov/pubmed/15908846>.

¹¹Jha AK, Aubert RE, Yao J, Teagarden JR, Epstein RS. Greater adherence to diabetes drugs is linked to less hospital use and could save nearly \$5 billion annually. Health Affairs. 2012;31 (8):1836-1846.

¹²Adapted from M. Sokol et al, (2005) "Impact of Medication Adherence on Hospitalization Risk and Healthcare Cost," Journal of Medical Care 43 (6). <http://www.ncbi.nlm.nih.gov/pubmed/15908846>.

¹³Cynthia G. Whitney, MD, Fangjun Zhou, PhD, James Singleton, PhD, Anne Schuchat, MD. Benefits from Immunization During the Vaccines for Children Program Era — United States, 1994–2013. Centers for Disease Control and Prevention. <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6316a4.htm>.