

Trends in MS Treatment

By Roy Moore | Recorded Transcript | June 23, 2011

Slide 1 & 2

Hello, my name is Roy Moore and I'm a senior analyst with HealthLeaders-InterStudy. Today I will be discussing some of the key finds in our Formulary Forum report on Multiple Sclerosis. We will look at the state of the market today, current treatments, and emerging therapies that could affect how health plans reimburse for MS therapies over the next few years.

Slide 3

MS Therapies represent one of the fastest-growing drug groups and one of the biggest cost drivers today among specialty markets. This is caused by a higher rate of diagnosis and a higher rate of treatment as well as the introduction of higher-cost therapies into the market.

MS affects 400,000 Americans, usually younger folks between 30 and 59. Because of this we will be looking at the commercial market today. Chronic condition is treated with interferons, peptides and polypeptides and monoclonal antibodies.

MS is ranked #1 in cost escalation in specialty drugs each year. This trend will continue as new drugs and treatments reach the market.

We expect the cost of MS drugs to nearly double between 2009 and 2018.

Slide 4

In our Formulary Forum report we discuss how health plans currently reimburse for certain drugs. This covers the leading drugs for MS treatment on the market.

Most commercial plans reimburse for leading MS therapies on their formularies because of the profile of patients with MS.

Drugs discussed: Copaxone, Betaseron, Extavia, Avonex, Rebif.

Extavia and Rebif are the newest drugs to reach the market. With Rebif you are seeing a similar tier trend as you do with Avonex. The goal for these to drugs is to get on as low a tier as possible.

Slide 5

When you look at this same data but based on lives you see that Copaxone which has wide Tier 2 coverage is available to many more people than the number of plans would anticipate. This suggests that larger plans are reimbursing for Copaxone and Avonex on a preferred tier.

The newer therapies have started to move in that direction but that has yet to translate into the revenue you see with Avonex.

Slide 6

With MS these drugs that have been on the market have been so for well over a year. In terms of health plans you don't see much change in the trend for how they reimburse. This chart looks at Tier 1 and 2 placements of these therapies. You can see overall improvement for Copaxone, Extavia, Rebif and Avonex in terms of

increased Tier 1 or 2 coverage while reducing such coverage of Betaseron. That's because you have a therapy like Avonex that has an improved profile over Betaseron. The plans are responding by favoring those drugs at the expense at Betaseron. You will likely see this continue going forward as health plans tighten their formularies for MS therapies.

Slide 7

Treatments for MS represent one of the most dynamic markets today. And the reason is you have a lot of drugs that have recently launched and several others that will be releasing in the next several years. This chart looks at two of those drugs: Gilenya and Ampyra. Ampyra serves a niche within MS; it serves those people with MS that have a walking disability. Because it is such a niche market that health plans do reimburse for it but not at the rate they would for a Copaxone or an Avonex. As a result individuals who have access to Ampyra overwhelmingly must pay Tier 3 copay for this drug. The difference between a Tier 2 and Tier 3 copay is the difference between \$25 and \$55 copay.

Gilenya represents the first oral MS therapy on the market. So health plans were excited to see it. However, it was priced at \$47,000 a year for treatment. In comparison that is about \$12,000 a year more than standard therapy. The response to that was to not cover the drug or to overwhelmingly putting at a Tier 3 copay.

This is something that new therapies that are launching with a higher cost need to look for. The reason health plans are doing this is because the efficacy doesn't merit the higher cost. We will have to watch how that strategy works for Gilenya going forward. And we will be tracking that.

Slide 8

The reason we will be tracking that is there are several other drugs coming up that are oral in nature. Gilenya is just the first to make it at market. We are looking at two today: Biogen Idec BG-12 and sanofi-aventis' teriflunomide. This chart shows that overwhelmingly health plans expect to reimburse for these therapies when they reach the market. This is based on the idea that these drugs would be priced on a level with standard therapy. If we see a price closer to that of Gilenya that may change how health plans tier them. We are expecting health plans to cover oral drugs when they come out. They believe that this actually improves compliance. By taking it orally individuals do not have to go to have an injection from a doctor or another provider. This will lead to better compliance which leads to better outcomes which leads to less need for hospitalization. In further data from the report you will find that these new drugs will be on a Tier 3. Health plans want to wait until they have done their full due diligence on these drugs before putting them on a preferred tier. They also want to see what kind of rebates they can expect from the drug manufacturer once these drugs finally launch.

Slide 9

In our limited amount of time we discussed where the market stands today and what new drugs have come out and what new drugs are planned going forward. What we have seen is health plans reaction to efficacy and price. Going forward, MS will continue to represent the largest cost drivers in the specialty market. We will continue to cover it as the situation develops going forward.