



# Biosimilars: Market disruptors, cost deflators or both?

As pharmacy costs increase by double digits, biosimilars have the potential to save billions of dollars over the next decade.

The U.S. Food and Drug Administration (FDA) approved the first biosimilar in 2015—and has approved dozens more since then.

The influx of these drugs can likely be attributed to the fact that biosimilars have a similar efficacy and lower cost compared to the original specialty drugs they're modeled after. And since specialty drug costs are forecasted to rise 15% in 2024, biosimilars are being regarded as a much-needed cost deflator.<sup>1</sup>

These projected savings come as welcome news to employers as 9 in 10 expressed concern about high-cost drugs in the pipeline.<sup>3</sup> In fact, 43% of employers already require or are planning to require that employees switch to biosimilars when available.<sup>4</sup>

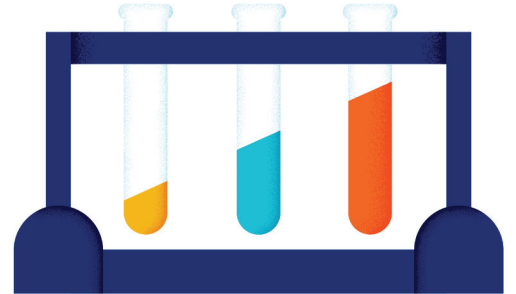
## What are biosimilars, and how do they work?

While biosimilars have been available for years—and currently treat several serious chronic conditions—confusion and misconceptions about **different types of drugs** continue to abound.

**Innovator (or reference):** The first drug with its specific active ingredient(s) to receive FDA approval for use and obtain the original patent for its unique composition.

**Biologic:** A type of complex innovator drug that is biologically engineered from living components. They're often more expensive because of costs associated with patent protection and the extensive research and development that goes into creating them. Examples include branded drugs like Remicade®, a medication that treats inflammatory conditions.

**Biosimilar:** A drug that is clinically similar in composition and health outcomes to its FDA-approved biologic innovator counterpart. Medical benefit biosimilars—which are generally administered by the provider rather than the patient—cost an average of 50% less than innovators,<sup>5</sup> partly due to the lower cost of research and development. Manufacturers market biosimilars under either branded names (e.g., Avsola®) or chemical names (infliximab).



Biosimilars are expected to save the U.S. health care system

**\$1.2B**

over the next 10 years<sup>2</sup>

**Generic:** Generic drugs are synthetic, chemically engineered copies of an innovator drug. These are not branded drugs and are typically known by their chemical names. Because generics are exact chemical copies of innovators (which means research and development costs are minimal), these drugs are often priced significantly lower than innovator drugs. Generics are not available for biologics.

## Taking a thoughtful approach to the adoption of biosimilars

More than 40 biosimilars are currently available to treat conditions such as cancer, anemia, inflammatory diseases, diabetes and macular degeneration.<sup>6</sup>

“In the coming years, we expect to see several biosimilars enter the market as many more are waiting in the wings for the patents to expire on their reference or innovator products,” says Susan Maddux, chief pharmacy officer for UnitedHealthcare Employer & Individual.

The U.S. biosimilars market has grown an average of 12.5% annually over the last 5 years.<sup>7</sup> As the list of conditions that biosimilars address expands, more employees will be able to get the medications they need at a more affordable price. That matters, since specialty medications can account for 40–50% of an employer’s total health care spend.<sup>8</sup>

“Biosimilars are a game changer when we think about affordability,” says Matthew Vesledahl, chief affordability officer for UnitedHealthcare Employer & Individual. “They level the playing field so more employees can access the drugs they need.”

Take Humira, a blockbuster drug that treats millions of people living with serious inflammatory diseases and generates billions of dollars in annual sales.<sup>8</sup> With a list price of around \$7,000 per month, Humira may be cost-prohibitive for many employees.<sup>9</sup> But with 9 biosimilar equivalents now in the market, competition is helping to drive down the price of expensive treatments and make them more accessible.

Because clinical health outcomes are similar between biosimilars and their biologic innovators, drug costs can significantly influence treatment decision-making.

“At UnitedHealthcare, our philosophy is to select the most clinically appropriate therapies that provide the lowest net cost to our members, whether that includes coverage for biosimilars, the reference drug or a combination of the two,” Maddux says.

Understanding the role biosimilars have in the future of health care and on the cost of care, UnitedHealthcare has added 4 biosimilars for Humira, in addition to offering Humira itself, to its standard Prescription Drug Lists (PDLs) while it continues to monitor market dynamics and advocate for more accessible drug prices.

“Our objective at UnitedHealthcare is to ensure that manufacturers are incentivized to continue to discover and develop new medicines that treat complex diseases,” adds Maddux. “The idea is that, by supporting competition, we can help lower net costs for employers as well as out-of-pocket costs for employees.”



# 1.2M

patients projected to have access to biosimilars by 2025<sup>1</sup>

# 53%

## savings

on average for UnitedHealthcare clients on their medical benefit when biosimilars are available<sup>5</sup>

## 4 tips to help employers maximize savings

With the growing popularity of biosimilars and the potentially significant cost savings they present, it's important for employers to make the most of this opportunity to lower costs for their employees and for their bottom line.

While carriers decide which biosimilars to cover and providers decide which drugs are most appropriate for patients, employers can take certain steps to help get more value from biosimilars—for themselves and their employees:

- 1** Work with insurance carriers and pharmacy benefit managers (PBMs) to understand their position on biosimilars, including which medications they cover and opportunities for potential savings
- 2** Invest in health plan designs that include biosimilars in their medical and pharmacy offerings, with strategies that incorporate these drugs into employees' existing treatment plans
- 3** Map out a communication plan to educate employees on the differences between biosimilars, name brands and generics—and the impact of each drug type on costs and outcomes
- 4** Offer employees incentives to switch from a reference drug to the biosimilar drug when available

### 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)

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<sup>1</sup> McMahan, R. 3 things to know about specialty pharmacy in 2024. ALM Benefits Pro, Dec. 26, 2023. Available: <https://www.benefitspro.com/2023/12/26/3-things-to-know-about-specialty-pharmacy-in-2024/>.

<sup>2</sup> Lehman, B. Promoting biosimilars could save large employers billions. ALM Benefits Pro, April 20, 2022. Available: <https://www.benefitspro.com/2022/04/20/promoting-biosimilars-could-save-large-employers-billions/>.

<sup>3</sup> 2024 Large Employer Health Care Strategy Survey: Executive Summary. Business Group on Health, Aug. 22, 2023. Available: <https://www.businessgrouphealth.org/resources/2024-large-employer-health-care-strategy-survey-executive-summary>.

<sup>4</sup> Controlling healthcare costs and boosting mental health outrank other priorities. WTW, Oct. 11, 2023. Available: <https://www.wtwco.com/en-us/insights/2023/10/controlling-healthcare-costs-and-boosting-mental-health-outrank-other-priorities>.

<sup>5</sup> Biosimilars have potential to save billions in this decade. Optum, May 4, 2023. Available: <https://www.optum.com/business/insights/pharmacy-care-services/page.hub.biosimilar-savings.html>.

<sup>6</sup> Biehn, B. Connor, N. U.S. Biosimilar Landscape. Cencora, Nov. 11, 2023. Available: [https://biopharmaservices.amerisourcebergen.com/l/168232/2023-02-16/5jzybg/168232/169929820187UYcpYy/Cencora\\_Biosimilars\\_USMarketLandscape\\_01NOV23.pdf](https://biopharmaservices.amerisourcebergen.com/l/168232/2023-02-16/5jzybg/168232/169929820187UYcpYy/Cencora_Biosimilars_USMarketLandscape_01NOV23.pdf).

<sup>7</sup> Biosimilars in the United States 2023-2027: Competition, savings, and sustainability. IQVIA, Jan. 2023. Available: <https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/biosimilars-in-the-united-states-2023-2027/iqvia-institute-biosimilars-in-the-united-states-2023-usl-orb3393.pdf>.

<sup>8</sup> Jeremias, S. The Age of Adalimumab Is Upon Us: How Stakeholders Can Prepare. AJMC: The Center for Biosimilars, June 28, 2023. Available: <https://www.centerforbiosimilars.com/view/the-age-of-adalimumab-is-upon-us-how-stakeholders-can-prepare>.

<sup>9</sup> Bugos, C. What You Need to Know About Humira's Low-Cost Competitors. Very Well Health, Aug. 22, 2023. Available: <https://www.verywellhealth.com/humira-biosimilar-cost-7693626>.

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