+ EXECUTIVE SUMMARY

EXPRESS SCRIPTS®
by Evernorth

PHARMACY IN FOCUS

2024 AND BEYOND: THE FUTURE TAKING SHAPE AND STRATEGIES FOR ACTION

Pharmacy innovation is at an all-time high. With countless clinical trials, improved diagnostic capabilities, and groundbreaking approaches to chronic and complex conditions, people are living longer with fewer side effects. Despite its boundless upside, this evolution/revolution is adding complexity and cost to an already challenging landscape. More options bring more questions and a greater need for data-fueled insights.

As the pharmacy benefit manager within EVERNORTH℠ Health Services, **Express Scripts® by Evernorth** continues to drive care and value. Evernorth recently partnered with Ipsos, a third-party research data supplier, to conduct a nationwide survey. You can find the full results of this survey in our Health Care in Focus report.

We analyzed the data and results from this survey and compared it to extensive research published by the Evernorth Research Institute, along with external trends from across the pharmaceutical industry. From the findings, we identified three key areas shaping pharmacy and health care for the years ahead.

Key Areas:

01 **Challenges and opportunities unlike anything in history.** With extensive new pharmaceutical innovations come risk, opportunity and increased competition. Are plans and payers ready to maximize the benefit for themselves and members in an ever-changing landscape?

02 **Affordability and accessibility aren't created equal.** As consumers look for ways to afford their medication and access their treatments, how can new solutions help payers, patients and pharmacies make it happen?

03 **Pharmacists face bigger roles with smaller numbers.** Due to physician shortages, access limitations and other factors, pharmacists are stepping in to fill the gaps. How is this impacting the pharmaceutical landscape?

In this report, we explore these challenges and provide our partners with solutions and strategies to understand and proactively address them.

A nationwide survey of:

3,000+
consumers with employer-sponsored health insurance

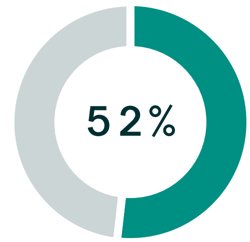
575
employers who select and manage employee benefits for their organizations

75
health plan leaders

Challenges and opportunities unlike anything in history.

Biosimilars increase choice and competition

Chronic illness can make it challenging for patients to afford their medication. That's a big obstacle, because more than half (52%) of the U.S. population lives with a chronic condition. Biosimilars offer a significant opportunity for savings, because each one that enters the market promises increased competition around affordability.



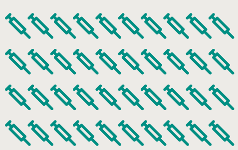
OF THE U.S. POPULATION HAS A CHRONIC CONDITION

Although many biologic therapies remain expensive, biosimilars are rapidly changing the landscape around affordability. These safe, clinically equivalent drugs either offer a lower price themselves or force novel, brand drugs to meet or even beat the price of their biosimilar counterparts.

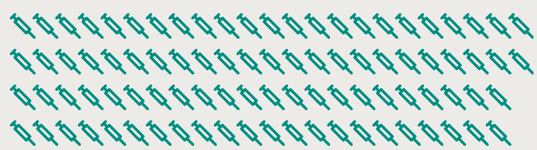
Pharmaceutical manufacturers are fiercely fighting to keep their formulas from being replicated by biosimilars. There are also the legal and regulatory barriers that biosimilars must overcome before they can be deemed as interchangeable alternatives. Despite those challenges, there will still be a sizeable increase in the number of biosimilars entering the market in the years to come.

Biosimilars entering the market

PAST SIX YEARS
40+
BIOSIMILARS



NEXT 3-5 YEARS
90+
BIOSIMILARS



Gene therapies deliver promise, and the need for protection

Gene and cell therapies offer new potential for patients living with some of the most complex conditions. These therapies modify genetic material, so in a patient's lifetime it may only take a few treatments, or even a single treatment, to be effective long term.

Many new gene therapies (900+) are in the pipeline, with 12–20 more slated for approval in the next few years. While current therapies are used to treat rare conditions, new treatments will address more mainstream disorders, including muscular dystrophy, sickle cell disease, hemophilia and others in 2023 and beyond. The market for these drugs is already robust ($5.2B) and expected to grow rapidly (to over $15B) in the U.S. by 2026.

The challenge for payers is that those therapies can be prohibitively expensive (up to $3.5M). One claim can bankrupt a benefit, but without coverage patient access can be impossible. Given the opportunity and exorbitant price, plan sponsors need to ensure their specialty partner has the right tools to provide access while controlling costs.

GENE THERAPY MARKET

GLP-1 drugs are in short supply due to high consumer demand

Heavy consumer demand is the biggest challenge facing glucagon-like peptide-1 (GLP-1) receptor agonists. Initially developed as an alternative to insulin for people living with diabetes, many consumers are now requesting them because they've shown superior weight-loss results.

The popularity of GLP-1s for weight loss is built by billion-dollar direct-to-consumer advertising and extensive, celebrity-driven social media campaigns. The marketing is working: An increase in consumer demand is causing a significant uptick in patients without a diabetes diagnosis seeking GLP-1s and drove shortages in 2023. These shortages make it challenging for patients who desperately need these treatments for medical purposes to obtain them—disrupting forecasts and diabetic therapies.

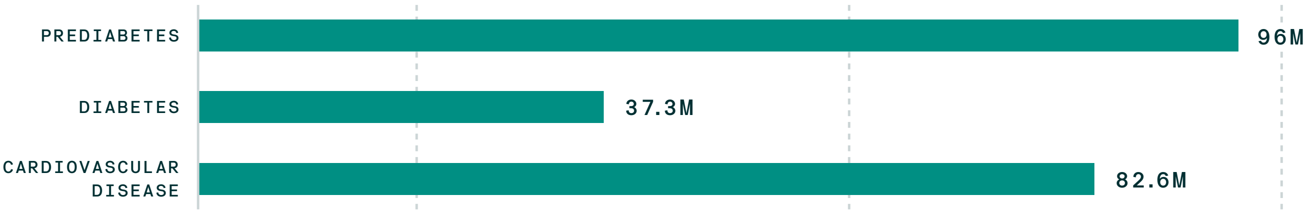
Traditional weight-loss therapies		GLP-1s
Rely on stimulants to suppress appetite, sometimes in combination with medications that affect serotonin	VS	Mimic the hormones produced while eating, resulting in more-significant weight loss

Historically, many plan sponsors limited or refused coverage of weight loss drugs due to a lack of proven results. But with obesity rates expected to reach 50% by 2030, it may be time to help members trying to lose weight. Obese adults in the U.S. experience 100% higher annual medical costs ($2,505) compared to patients of a healthy weight. Also, obesity rates climbed during the COVID-19 pandemic, and prediabetes and diabetes diagnoses increased as people returned for their check-ups.

Obesity rates among U.S. adults

An increasing number of patients struggling with obesity are also living with prediabetes (96M), diabetes (37.3M) or cardiovascular disease (82.6M). Some are facing all three, a condition known as cardiodiabesity. This trifecta of conditions is on track to become an epidemic of historic proportions.

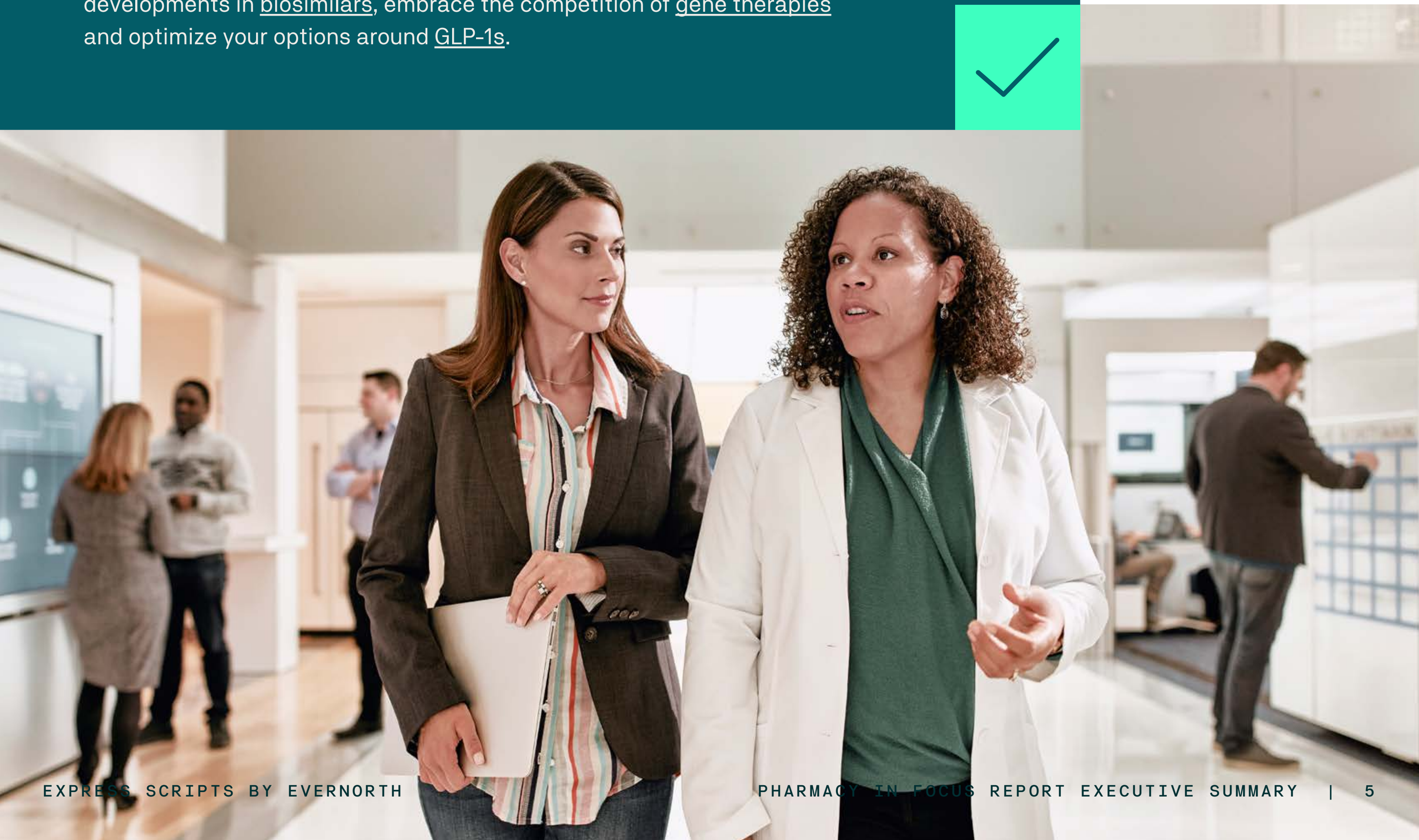
Patients with obesity and a comorbidity



TAKING ACTION

Preparation is key for preparing your plan or benefit for gene and cell therapies, biologic treatments, and the consumer demand that comes with GLP-1s.

Evernorth is here to help you stay informed about the latest developments in biosimilars, embrace the competition of gene therapies and optimize your options around GLP-1s.

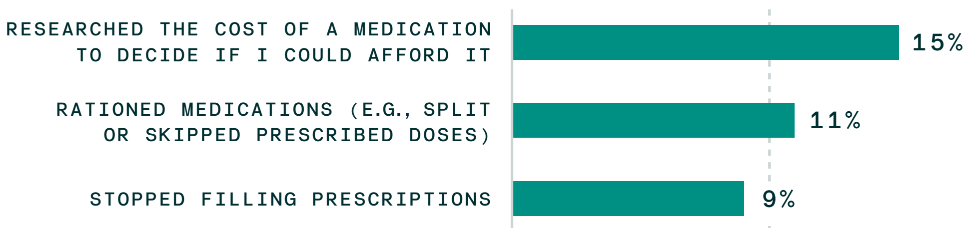


Affordability and accessibility are creating a challenging pharmacy landscape.

People are concerned about paying for their medication. Those enrolled in a health insurance plan are concerned about the affordability of prescription drugs (71%), access to generic and other low-cost medications (62%), and reduced access to medications in general (61%). Employers play an important role in easing these concerns because over half of consumers (55%) are at least somewhat worried that their employer will reduce pharmacy or prescription drug benefits.

Those cost concerns are impacting health. In the past 12 months alone, customers report taking serious and dangerous steps to combat rising prices.

Which of the following, if any, have you done in the past 12 months to manage, such as reduce or be able to afford, health care costs?



While people taking traditional medications are concerned about the cost of their prescriptions, the challenge is much more pronounced in the specialty space. Affordability isn't just a struggle for patients either. Payers face a high price tag ($38,000 PMPY) for specialty drugs, much higher (75x) than for non-specialty prescriptions.

Average annual medication costs per patient

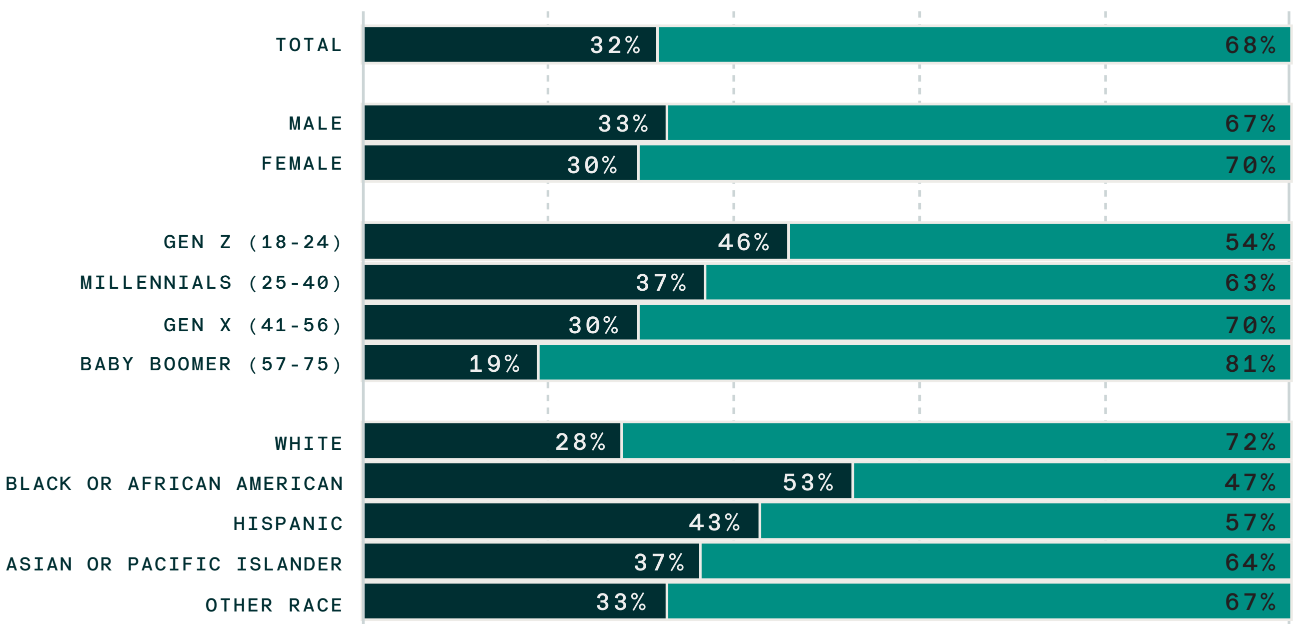
It's not just affordability, it's accessibility

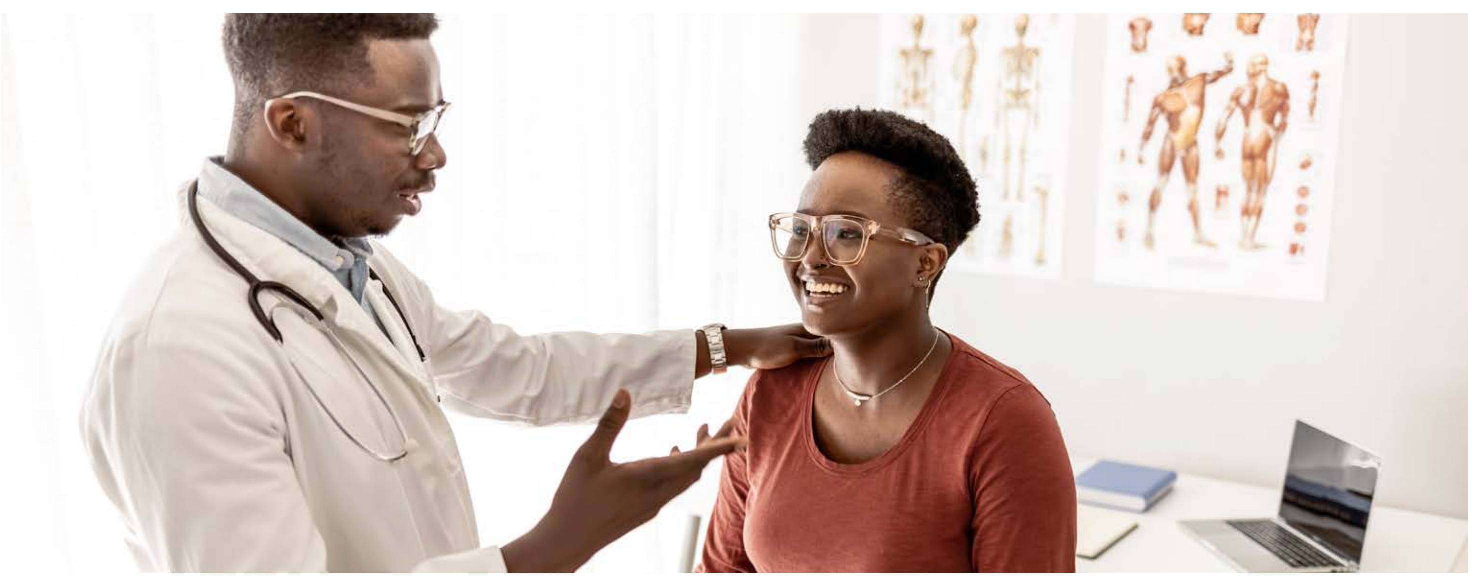
When members can't conveniently access the pharmacy care they need, their health suffers. Programs are available to help pharmacies in rural areas stay open and profitable to ensure access. But even though most patients have a pharmacy nearby (within a nine-minute drive), they may still struggle to find the right pharmacist.

An increasing number of patients (32%) are voicing concerns about being able to access health providers who look like them in terms of gender, race, ethnicity or sexual orientation. This is especially true for Black or African American customers (53%) and members of Gen Z (46%).

VERY/SOMEWHAT
NOT VERY/ NOT AT ALL

How concerned are you about access/availability of health providers who are like you (e.g., LGBTQ, same ethnicity, similar in age, etc.)?





Telehealth is one way we can connect these patients to pharmacists who meet their needs. Though telehealth utilization is up, it may not stay that way. A growing number of people are shifting back to in-person visits. Pharmacists are seeing the shift back to in-person care too, citing that they engage with fewer patients (16%) via telehealth all or most of the time. The good news is that the vast majority (90%) of customers are satisfied with virtual visits when they have them.

TAKING ACTION

With affordability and accessibility at the forefront, how will employers ensure that both traditional and specialty patients are getting the medication and support they need?

As the FDA continues to evolve their approval process, it can be hard for payers to feel confident that the drugs they're covering are safe and effective. Evernorth offers copay assistance programs, personalized population management tools and more to help people access the care they need while protecting payers and plans.

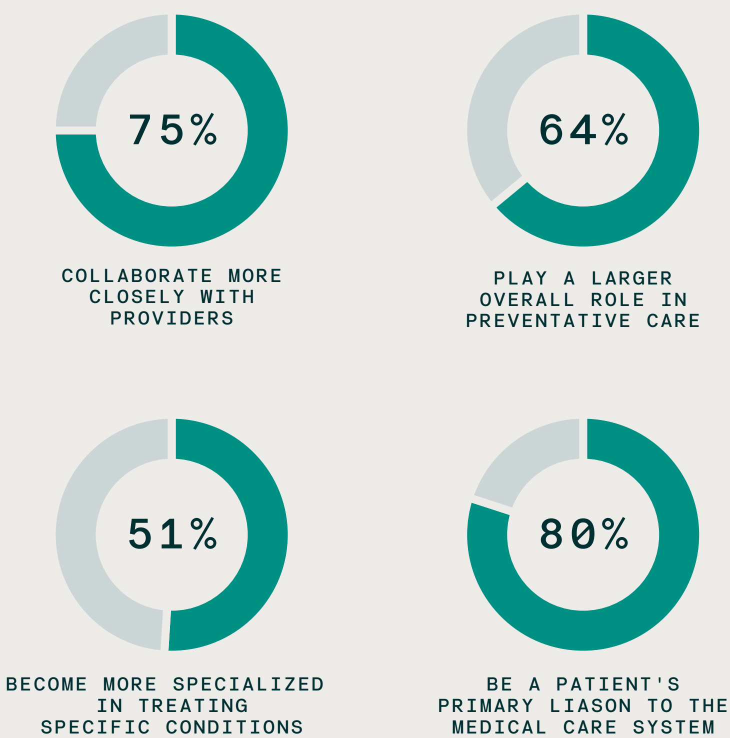
As physician numbers decline, the role of pharmacists expands.

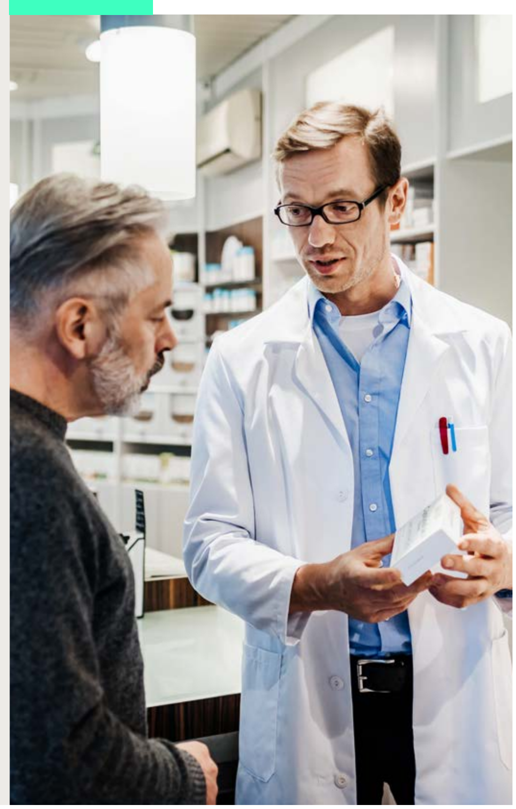
A recent study by the American Medical Association estimates that the U.S. could see a shortage of 124,000 physicians by 2034. Physicians face both a shortage of time and clinical staff. And with so much new medical information, the volume is too much to digest. It's estimated that it would take reading an impossible 29 hours per day to stay up to date on new medical research.

To help fill the void left behind by the physician shortage, providers see pharmacists stepping in during the preventive care stage to collaborate more closely (75%), take a larger role in the overall preventive care approach (64%) and become more specialized in the treatment of specific conditions (51%). Similarly, pharmacists anticipate patients relying on pharmacists as their primary liaisons to the medical care system (80%).

124,000
Projected shortage of physicians by 2034

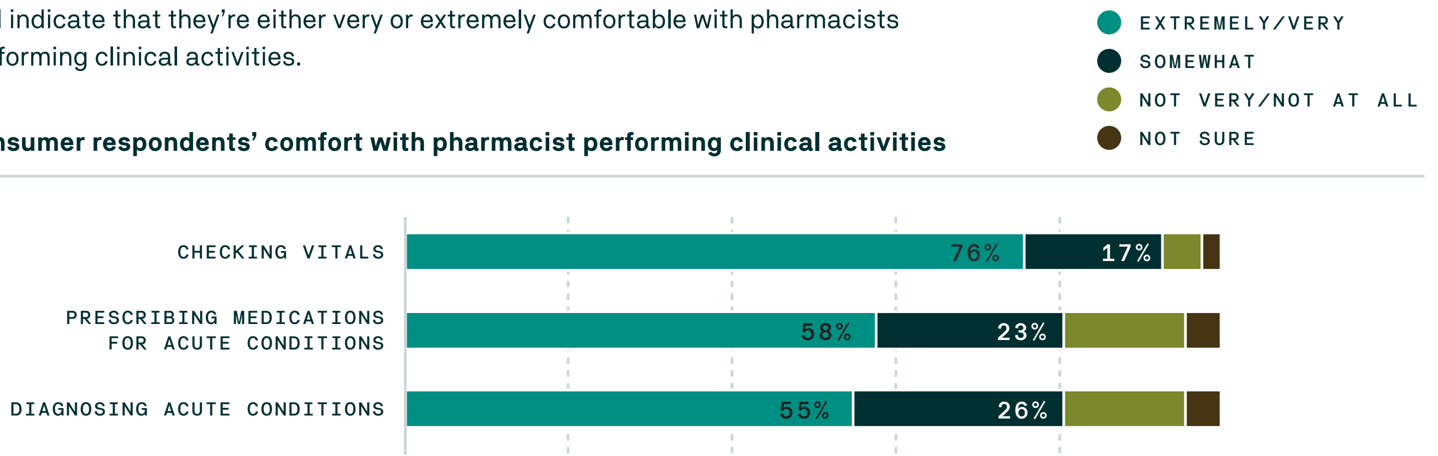
Pharmacists are expected to



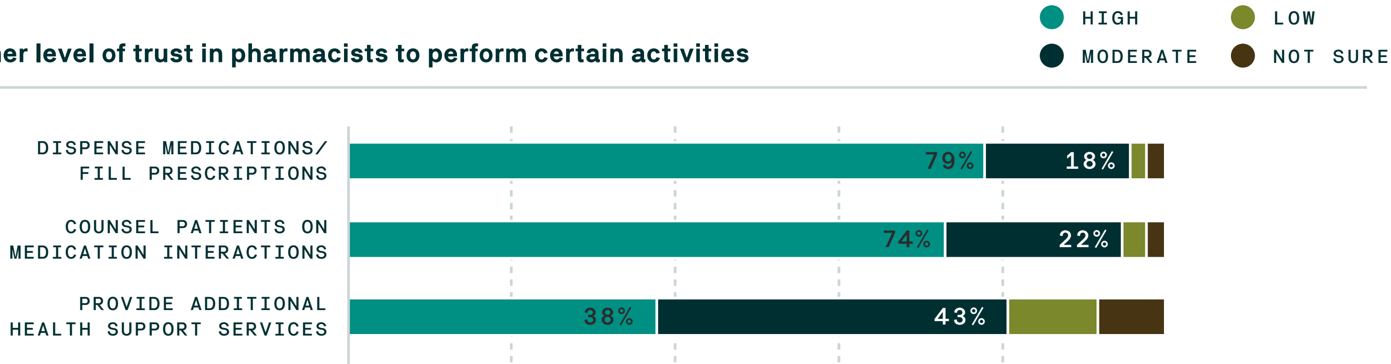


Consumers are also enthusiastic about the expanded role of pharmacists and indicate that they're either very or extremely comfortable with pharmacists performing clinical activities.

Consumer respondents' comfort with pharmacist performing clinical activities



Consumer level of trust in pharmacists to perform certain activities

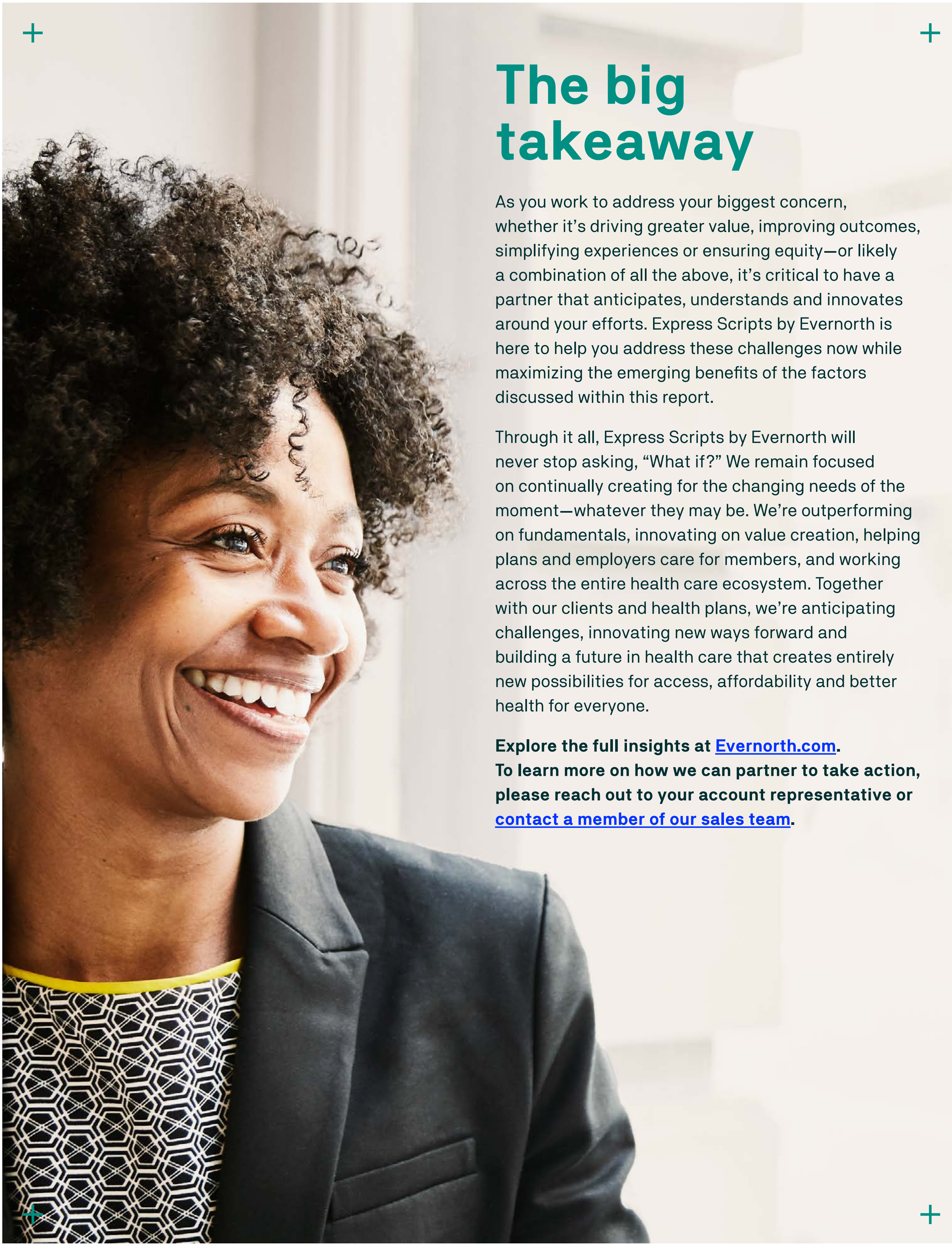


But pharmacies are also facing staffing shortages and broad cutbacks in hours. According to data from the U.S. Bureau of Labor Statistics, there was a 6% decline in pharmacists working in pharmacies between 2019 and 2021. So, while they can be part of the answer to the physician shortage, a broader strategy will be necessary.

TAKING ACTION

With pharmacists thrust into a larger role, it can be challenging for them to keep up with specialty expansion and emerging therapies.

With the long average tenure (15 years) and clinical expertise of our Therapeutic Resource Center® (TRC) pharmacists, we possess the experience and knowledge to understand the latest developments in the industry.



The big takeaway

As you work to address your biggest concern, whether it's driving greater value, improving outcomes, simplifying experiences or ensuring equity—or likely a combination of all the above, it's critical to have a partner that anticipates, understands and innovates around your efforts. Express Scripts by Evernorth is here to help you address these challenges now while maximizing the emerging benefits of the factors discussed within this report.

Through it all, Express Scripts by Evernorth will never stop asking, "What if?" We remain focused on continually creating for the changing needs of the moment—whatever they may be. We're outperforming on fundamentals, innovating on value creation, helping plans and employers care for members, and working across the entire health care ecosystem. Together with our clients and health plans, we're anticipating challenges, innovating new ways forward and building a future in health care that creates entirely new possibilities for access, affordability and better health for everyone.

Explore the full insights at Evernorth.com.
To learn more on how we can partner to take action, please reach out to your account representative or contact a member of our sales team.

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