



What You Should Know About Biosimilars

Rapidly increasing healthcare costs will likely continue to impact employers in the foreseeable future. As a result, many employers are considering strategies to manage healthcare costs and explore prescription drug trends. The introduction of biosimilar drugs as an alternative to biologics may bring value to healthcare by offering cost savings and increasing employee access to necessary medications. While biosimilars can potentially combat rising prescription drug costs, employers will need to learn more about them before considering how their health plans can accommodate these newer drugs.

This article explores biosimilar drugs and ways employers can promote or manage their use.

UNDERSTANDING BIOSIMILARS

Unlike generic drugs, biosimilars are not identical to their reference biological products (also called the brand-name counterpart) and aren't created from synthesized chemicals. A biosimilar drug is a biological product produced from living organisms—humans, animals, or microorganisms. Approved by the Food and Drug Administration (FDA), biosimilars are like the reference drug (a previously FDA-approved biologic) but have no

significant clinical differences. Compared with biologics, biosimilars have the same strength, dosage, and potential side effects but provide the same treatment benefits.

The FDA rigorously evaluates biosimilars to validate their efficacy, safety, and quality. The FDA has approved more than **40 biosimilars**; however, not all are commercially available.



EMPLOYER CONSIDERATIONS FOR BIOSIMILARS

The Biosimilars Council estimates that by 2025, 1.2 million people will have access to more-affordable biologic medicines because of the availability of biosimilars. Its research data suggests that women, lower income, and elderly individuals stand to benefit most from access to biosimilars. The organization reports that biosimilars will save the national healthcare system up to \$183 billion by 2025.

Current legislation aims to increase competition and decrease prescription drug prices by enhancing education concerning biosimilar drugs. As biosimilar acceptance and uptake increase, employers should consider the following actions as they design their benefits plans:

- + Discuss biosimilars with partners (e.g., carriers, advisors, and pharmacy benefits managers).
- + Advocate for full cost transparency on specialty drugs to keep tabs on drug spending trends.

- + Review health plans and drug use patterns to identify savings opportunities.
- + Encourage the inclusion of biosimilars on formularies.
- + Understand how rebates can impact overall drug pricing.
- + Advise employees about prescription drugs as part of overall benefits education.

Regulations, along with new drug approvals, are always updating, so it's important for employers to continually research how biosimilars can be incorporated into their health plans.

SUMMARY

Biologics account for much of specialty drug costs and are typically cited as a leading driver of rising prescription drug costs. As the potential for biosimilars continues to grow, more employers may consider promoting them to help realize cost savings in their health plans and offer less expensive drug alternatives to their employees.

Contact us to learn more about the latest prescription drug trends.