Prescription Drug Costs

Princeton Conference
May 23, 2018

Murray Aitken, Executive Director
Medicine Growth in the United States Slowed to 0.6% in 2017 on a Net Manufacturer Sales Basis

Total Spending on Medicines and Growth US$Bn

Source: IQVIA, National Sales Perspectives, IQVIA Institute, Dec 2017

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Net Medicine Spending Declined by 2.1% in Retail, While Non-Retail Grew by 5.9% and Reached One-Third of Total Net Spending

*Source: IQVIA, National Sales Perspectives; IQVIA Institute; US Census Bureau; US Bureau of Economic Analysis (BEA), Dec 2017*

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Invoice</th>
<th>Retail Net</th>
<th>Non-Retail Invoice</th>
<th>Non-Retail Net</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>333</td>
<td>239</td>
<td>94</td>
<td>178</td>
<td>453</td>
</tr>
<tr>
<td>2014</td>
<td>380</td>
<td>259</td>
<td>106</td>
<td>197</td>
<td>476</td>
</tr>
<tr>
<td>2015</td>
<td>427</td>
<td>285</td>
<td>120</td>
<td>307</td>
<td>504</td>
</tr>
<tr>
<td>2016</td>
<td>447</td>
<td>311</td>
<td>127</td>
<td>320</td>
<td>505</td>
</tr>
<tr>
<td>2017</td>
<td>453</td>
<td>319</td>
<td>113</td>
<td>324</td>
<td>516</td>
</tr>
</tbody>
</table>

**% Growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>Invoice</th>
<th>Net</th>
<th>Invoice</th>
<th>Net</th>
<th>Invoice</th>
<th>Net</th>
<th>Invoice</th>
<th>Net</th>
<th>Invoice</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.5%</td>
<td>1.3%</td>
<td>14.2%</td>
<td>10.1%</td>
<td>12.2%</td>
<td>8.9%</td>
<td>4.6%</td>
<td>3.9%</td>
<td>1.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td>2014</td>
<td>4.3%</td>
<td>4.1%</td>
<td>12.7%</td>
<td>8.3%</td>
<td>12.3%</td>
<td>12.2%</td>
<td>6.1%</td>
<td>7.7%</td>
<td>5.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2015</td>
<td>4.6%</td>
<td>0.0%</td>
<td>14.7%</td>
<td>11.0%</td>
<td>12.2%</td>
<td>7.4%</td>
<td>4.1%</td>
<td>2.1%</td>
<td>-0.3%</td>
<td>-2.1%</td>
</tr>
</tbody>
</table>

*Source: IQVIA, National Sales Perspectives; IQVIA Institute; US Census Bureau; US Bureau of Economic Analysis (BEA), Dec 2017*
Real Net Per Capita Spending Declined by 2.2% in 2017 with Spending on Traditional Medicines Declining by 7.3%

Real Net Per Capita Medicine Spending and Growth by Product Type US$

Source: IQVIA, National Sales Perspectives, IQVIA Institute; US Census Bureau; US Bureau of Economic Analysis (BEA), Dec 2017
Protected Brand Net Prices Increased by 1.9% on Average in 2017, Continuing Below Invoice Price Growth and Now Lower Than Inflation

Protected Brand Invoice and Net Price Growth %

Source: IQVIA National Sales Perspectives, IQVIA Institute, Dec 2017
Patient Out-of-Pocket Costs for Brands and Generics in Total have Decreased by $1.54 since 2013

Source: IQVIA Formulary Impact Analyzer (FIA), IQVIA Institute, Dec 2017
Almost 31% of Prescriptions were Dispensed at Zero Patient Out-of-Pocket Cost, While 2.5% Cost More Than $50

Patient Final Out-of-Pocket Costs by Share of Retail Prescriptions

Source: IQVIA Formulary Impact Analyzer (FIA), IQVIA Institute, Dec 2017
Patients Paid $500 or More Out-of-Pocket when Filling 3.4 Million Prescriptions in 2017, Amounting to $5.2 Billion in Total

Dispensed Prescriptions and Patient Final Out-of-Pocket Costs by Amount of Cost, 2017

Source: IQVIA Formulary Impact Analyzer (FIA), National Prescription Audit, IQVIA Institute, Dec 2017
Coupon Usage has Reached 18% of all Branded Prescriptions Filled under Commercial Plans and 42% of Specialty Prescriptions Filled under Commercial Plans

Source: IQVIA Formulary Impact Analyzer (FIA), Jan 2018
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