Secure Our Access & Savings
Value of Generics
Generics manufactured across the U.S.

- More than 60 billion doses are made in the U.S. every year.
- 149 manufacturing facilities across the United States.
- More than 52,000 workers across the country.
- More than 50% of FDA-regulated API facilities are in the U.S. and Europe.

Generic drug supply chain

Spread of $100 Across the Generic Drug Supply Chain

- **Plan Sponsor**
  - Reimbursement
  - $32

- **Insurer**
  - Service Contract
  - Payment
  - $17

- **Patient**
  - Co-pay Deductible
  - Pharmacy
  - National Average Drug Acquisition Cost (NADAC)
  - Pharmacy Benefit Manager
  - $7

- **Wholesaler**
  - Average Manufacturer Price (AMP)
  - $8

- **Generic Manufacturers**
  - Price Concessions & Stocking Fees
  - $36
Brand drug supply chain

Spread of $100 Across the Brand Drug Supply Chain

1. **Plan Sponsor**
   - $3 (Reimbursement for National Average Drug Acquisition Cost (NADAC))

2. **Patient**
   - $1 (Average Manufacturer Price (AMP))
   - $76 (Generic Manufacturers)

3. **Insurer**
   - $19 (Payment for Share of Rebate Passed to plan/Fees paid to PBM)

4. **Pharmacy**
   - $2 (Pharmacy Benefit Manager)

5. **Wholesaler**
   - Market Share Payments, Formulary Payments, Performance Incentives, Rebates

- **Payment**
- **Transfer of Product**
- **Captured Amount**
Generics: 9 out of every 10 prescriptions filled

- **Generic**: 90% U.S. prescriptions filled, 20% U.S. prescription spending
- **Brand**: 10% U.S. prescriptions filled, 80% U.S. prescription spending

Source: IQVIA 2020
In 2019, the U.S. saved $313 billion through generics

Source: IQVIA 2020
U.S. Generic Drug Savings: $313 Billion

Medicaid Savings: $48.5 Billion

Medicare Savings: $96 Billion

Source: IQVIA 2020
Generic medicines save States billions

Source: IQVIA 2020
<table>
<thead>
<tr>
<th>Condition</th>
<th>Savings (B)</th>
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<tbody>
<tr>
<td>Mental Illness</td>
<td>$51B</td>
</tr>
<tr>
<td>Heart Disease</td>
<td>$49.9B</td>
</tr>
<tr>
<td>Epilepsy</td>
<td>$20.2B</td>
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<tr>
<td>Cancer</td>
<td>$13.6B</td>
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<tr>
<td>Diabetes</td>
<td>$9.4B</td>
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<tr>
<td>COPD</td>
<td>$9.2B</td>
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<tr>
<td>Allergies and Asthma</td>
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<td>Alzheimer's disease</td>
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<td>Kidney Disease</td>
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<td>Bone Disease</td>
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<tr>
<td>HIV/AIDS</td>
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<td>Multiple Sclerosis</td>
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<td>Arthritis</td>
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<td>Crohn's &amp; Colitis</td>
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<tr>
<td>Amyotrophic Lateral Sclerosis</td>
<td>$73.8M</td>
</tr>
</tbody>
</table>

Source: IQVIA 2020
Generics as a share of U.S. healthcare spending

Generic drugs account for only 3% of total U.S. health care spending


Note: Generic and brand drug share of prescription drug spending was calculated using an analysis of the 2018 Medical Expenditure Panel Survey (MEPS). Total drug spending was segmented into generics and brands. Those percentages were then applied to the Peterson-KFF Health System Tracker analysis of spending, by type of expenditure, in the US healthcare system.
Generic drugs account for 2% of premium spending in California.

Medical Expenses ($372.59 PMPM)
Brand/Specialty Drugs ($44.49 PMPM)
Administrative Expenses ($37.00 PMPM)
Health Plan Profits ($23.42 PMPM)
Taxes/Fees ($12.80 PMPM)

Generic Drugs 2% ($11.76 PMPM)

PMPM: Per Member Per Month; M: Millions
Patients are more likely to abandon costly brand prescriptions

- **Generics**: Overall Abandonment 10.1%
- **Brands**: Overall Abandonment 23.4%

Source: IQVIA 2018
Falling prices threaten sustainability

“One of the things we asked about in the blueprint was whether we’re actually in this country underpaying for and under reimbursing for generics. We need a strong, robust generic market.

We may be driving those prices so low that we’re creating manufacturing anomalies that lead to sole source products there with others exiting.”

HHS Secretary Alex Azar
Senate Finance Committee
June 26, 2018
Value of Biosimilars
What are biosimilars?

Biosimilars are FDA-approved, safe and effective options for patients.

A biosimilar is a biologic medicine that is highly similar to a brand biologic medicine.

In the U.S., biosimilar usage and approvals are on the rise.

Source: https://biosimilarscouncil.org/biosimilars-101/#2
Biosimilar Approvals

28 In the U.S. to date*

18 On the market

Biosimilar Savings & Access

Projected savings through 2024:

$100 Billion

Patients benefit from increase access:

1.2 Million

*Current as of November 17, 2020
Source: IQVIA
Biosimilar approvals vs. patient access

**United States**

28 FDA-approved biosimilars

Only 18 biosimilars on the market

**Europe**

50+ FDA-approved biosimilars

U.S. approvals through November 1, 2020
Biosimilars have saved 4.5 billion over the last 10 years, $2.2 billion in 2019
Biosimilars could save more than $100 billion by 2025

Biosimilars sales & savings growth: 2020-2024
Biosimilars are just as safe and effective as brand-name biologics

“No interruption in therapeutic outcomes have been seen to date”
(Wolff-Holz et al., 2019)

Kaiser Permanente performed its own study on 700 patients and the results showed that neutropenia was lower vs. Filgrastim

“...No clinically significant differences”
(Bhat, et al., 2020)
Biosimilars are less expensive than their reference brand biologic

Originator and Mean Biosimilar Average Sales Price (ASP) in US$, July 2020

- **filgrastim**: -$151.26 (-45.1%)
- **infliximab**: -$1,224.67 (-42.2%)
- **pegfilgrastim**: -$1,115 (-23.8%)
- **epoetin alfa**: -$23.10 (-26.9%)
- **bevacizumab**: -$1,940.51 (-22.7%)
- **trastuzumab**: -$511.00 (-11.4%)
- **rituximab**: -$1,495.67 (-24.7%)

Source: IQVIA National Sales Perspective, June 2020; IQVIA Institute, September 2020
Biosimilar market share continues to trail brands

Biosimilar volume share of the molecules where they compete is <20% using either a strict 351k pathway definition or a more general non-original biologic definition.

Source: IQVIA National Sales Perspectives, IQVIA Institute, December 2019