

# Innovative Therapies Require Healthcare Financing Solutions to Match

Over the past three decades, scientists, healthcare providers, insurers and patients have played an important role in the discovery and development of next generation, innovative, disease-altering therapies.

Breakthrough and specialty medications are leading the next revolution in healthcare services and healthcare savings in the long-term.

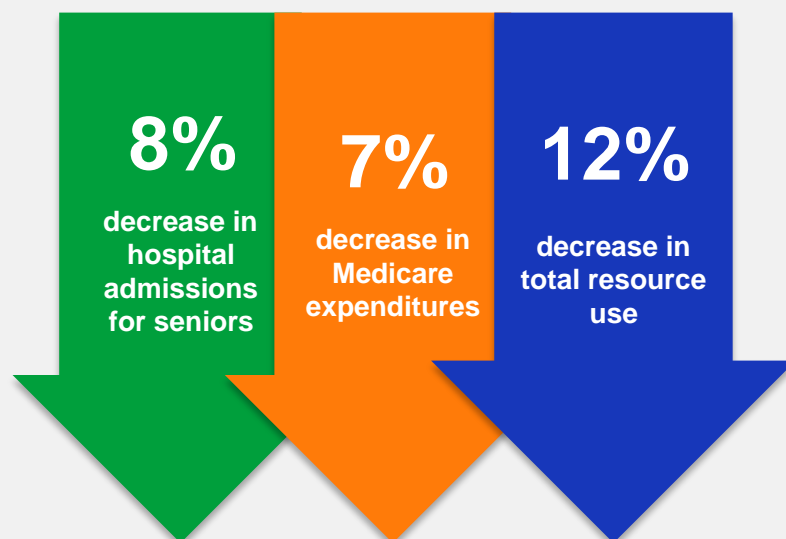
## Federal Government Credits Prescription Therapy Access and Adherence with Reducing Healthcare Costs

The Congressional Budget Office (CBO) changed its scoring methodology to reflect savings in medical spending associated with policies that increased use of medicines in Medicare. A recent report by the CBO illustrated the beneficial impact access and adherence to prescription medicines is having on reducing other healthcare spending.

Based on this methodology, the CBO now scores every 1% increase in the number of prescriptions filled with a 0.20% decrease in spending on other medical services, such as emergency department visits and hospitalizations. This non-partisan legislation scoring agency has credited effective use of medications with healthcare savings.

Increased access to **medicines** due to Medicare prescription therapy coverage resulted in

**\$41.5 billion in savings<sup>2</sup> annually through:**



### Sources

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<sup>2</sup> Kaestner R, Long CP, Alexander GC. Effects of prescription drug insurance on hospitalization and mortality: evidence from Medicare Part D. Available at <http://www.nber.org/papers/w19948>. NBER Working Paper 19948. February 2014. doi:10.3386/w19948.

<sup>3</sup> DiMatteo MR, Giordani PJ, Lepper HS, Croghan TW. Patient adherence and medical treatment outcomes: a meta-analysis. *Med Care*. 2002;40(9):794-811.

<sup>4</sup> McDermott MM, Schmitt B, Wallner E. Impact of medication nonadherence on coronary heart disease outcomes: a critical review. *Arch Intern Med*. 1997;157(17):1921-9.

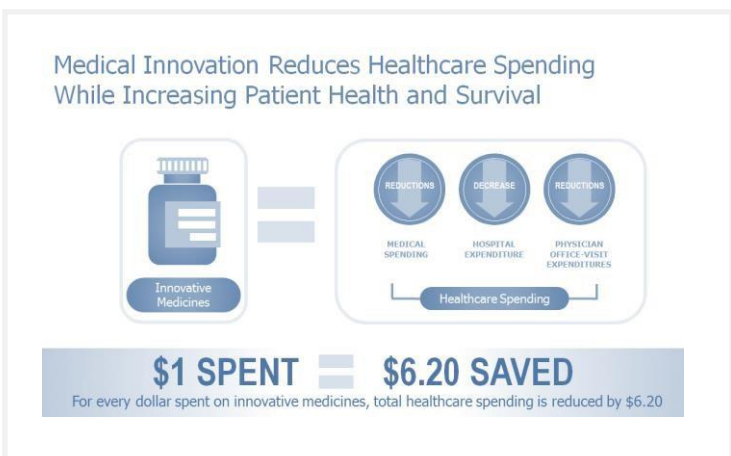
<sup>5</sup> Lau DT, Nau DP. Oral antihyperglycemic medication nonadherence and subsequent hospitalization risk and healthcare among individuals with type 2 diabetes. *Diabetes Care*. 2004;27(9):2149-53.

<sup>6</sup> Sokol MC, McGuigan KA, Verbrugge RR, Epstein RS. Impact of medication adherence on hospitalization risk and healthcare cost. *Med Care*. 2005;43(6):521-30.

<sup>7</sup> Grabowski DC, Lakdawalla DN, Goldman DP, et al. The large social value resulting from use of statins warrants steps to improve adherence and broaden treatment. *Health Affairs*. 2012;31(10):2276-85. doi:10.1377/hlthaff.2011.1120.

# Greater Access and Adherence to Medicines is Reducing Overall Cost of Care

Medicines help patients live longer, better, healthier lives and reduce the need for more costly health services. Patients who can access and adhere to their medications enjoy better health outcomes and make less use of emergency room visits, hospital stays, surgeries and long-term care, resulting in savings to the health system overall.<sup>3,4,5,6</sup>



**PREVENTION  
THROUGH  
TREATMENT  
SAVES BILLIONS**

**\$1 SPENT  
ON  
TREATMENTS  
AND VACCINES  
SAVES  
BILLIONS  
ANNUALLY**

**\$5 Billion Savings**  
\$1 more spent on treatments for heart disease = \$3 to \$10 in savings on emergency room visits and hospitalizations<sup>7,8,9</sup>

**\$8.3 Billion Savings**  
\$1 more spent on diabetes treatments = \$7.10 less spent on other medical services.<sup>10,11</sup>

**\$295 Billion Savings**  
\$1 spent on childhood vaccinations = \$10.20 saved in disease treatment cost.<sup>12,13</sup>

## Insurance Coverage Must Evolve to Recognize the Value of Medical Breakthroughs

Just as insurance coverage has spread the risks and costs of expensive services such as hospitalizations, **health benefits must evolve** and not be a barrier to patients' accessing more cost-effective and medically beneficial treatment options.

### Sources

<sup>8</sup> Roebuck MC, Liberman JN, Gemmill-Toyama M, et al. Medication Adherence Leads To Lower Health Care Use And Costs Despite Increased Drug Spending. Health Affairs. 2011;30(1):91-99. Available at <http://content.healthaffairs.org/content/30/1/91.full>. Accessed 11/19/15.

<sup>9</sup> Shapiro AH. Federal Reserve Bank of San Francisco Working Paper Series. Does Medicare Part D Save Lives? Abe Dunn Bureau of Economic Analysis. Federal Reserve Bank of San Francisco. February, 2015. Available at <http://www.frbsf.org/economic-research/files/wp2015-04.pdf>. Accessed 11/19/15.

<sup>10</sup> Adapted from M. Sokol et al. Impact of Medication Adherence on Hospitalization Risk and Healthcare Cost. J Med Care. 2005;43( 6). Available at <http://www.ncbi.nlm.nih.gov/pubmed/15908846>.

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