

# ACTION BRIEF



*Employer Strategies that Drive Health, Equity and Value*



## IMPROVING DRUG MANAGEMENT

### EMPLOYER BIOSIMILAR STRATEGIES

#### Why Biosimilars Matter

A biosimilar is a biologic medication. It is highly similar to a biological medication already approved by the FDA—the original biologic (also called the reference product). Clinically, biosimilars do not differ meaningfully from their reference products. This means patients can expect the same safety and effectiveness from the biosimilar over the course of treatment as they would from the reference product.

Biologics are important and successful—but very expensive—medicines used to treat numerous serious diseases. Biosimilars are a more affordable option for patients and plan sponsors. To learn more, the FDA offers comprehensive educational resources.

Reduced barriers to biosimilar adoption could generate savings of about \$25 billion over 10 years, or roughly 0.5% of national spending on prescription drugs. Some organizations, such as the Association for Accessible Medicines (AAM), think biosimilar savings could even exceed \$133 billion by 2025, but only if policymakers encourage greater adoption.

To help employers understand and overcome obstacles to biosimilar uptake, thus improving care and lowering costs, the National Alliance brought together seven regional coalitions and more than 60 employers for a series of roundtables across the country. These top recommendations for employers emerged from the roundtables:



**1. Plan Design.** Amend coverage and communications to prioritize biosimilars and cover biomarker testing; implement overall plan design that minimizes member disruption; limit any changes or grandfather current members' treatment cycles.

**2. Formulary Design.** Insist on total transparency of formulary placement and, specifically, the economics of biosimilars; consider custom formulary design and targeted utilization management.

#### **3. Drug Pricing and Rebates.**

Focus on low net cost, while also considering the impact of gross costs on employee cost-sharing; understand how rebates affect overall drug pricing.

**4. Drug Availability.** Ensure coverage of high-value biosimilars at an appropriate tier level, as lack of coverage can stagnate the market over time; use incentives to encourage adoption of all biosimilars in the same drug class over the reference product.

**5. Sites of Care and Drug Administration.** Focus on the impact the site of care has on the cost of delivery; consider a preferred/tiered site-of-care policy (e.g., drugs infused in a hospital setting can be twice as expensive as drugs infused at home, in a clinic, or at an infusion center).



**Improving Drug Management**  
*Employer Strategies on Biosimilars*



2022

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## FORD MOTOR COMPANY REALIZES \$5 MILLION SAVINGS IN TWO YEARS—FOR A SINGLE BIOSIMILAR

Ford Motor is reporting success with biosimilars. The company managed to convert 100% of health maintenance organization utilizers of brand drug Remicade® (infliximab) to the biosimilar Inflectra® and 88.1% of users in its preferred provider organization, “with no disruption to patients and no negative feedback from its members,” according to [this report](#) from the Economic Alliance for Michigan.

The transition to biosimilar infliximab, a drug used to control inflammation in patients with arthritis and other autoimmune disorders, began in 2019, and four other biosimilar drugs were added to the program, saving Ford \$5 million by 2021.

Among strategies Ford and various payers (Priority, Blue Cross Blue Shield of Michigan) have used to make their biosimilar programs a success are the following:

- ▶ Persuade physicians to accept biosimilars and patients will follow. “The doctor-patient relationship is the closest and most trusted in the health care arena, and physicians can heavily and reliably influence patient decision-making.”
- ▶ Build physician confidence in biosimilars by supplying analytics and data about these agents. “Share success stories such as those from Europe, where biosimilars have enjoyed wide acceptance.”
- ▶ Use conferences, forums and other presentations to reach physicians with the biosimilar message.
- ▶ Provide physicians with cost and efficacy data on biosimilars. “One health plan ranked its drugs in a continuum of pricing and shared comparisons of prescribing across physician colleagues to illustrate the cost difference of prescribing biosimilars.”
- ▶ Share frequently asked questions and other communications with patients, including precision messaging for those currently taking biologic drugs when an FDA-approved biosimilar is available.

Adapted from AJMC | The Center for Biosimilars article, “Michigan Trade Group Outlines Best Practices for Biosimilar Adoption,” January 13, 2022



# CASE STUDIES ILLUSTRATE THE PROMISE OF BIOSIMILARS

“As a regional member of the National Alliance, the Economic Alliance for Michigan (EAM) has been working for several years to increase biosimilar adoption in Michigan. These ongoing efforts, including cooperation with managed care plans, have positioned Michigan as a leading state for biosimilar adoption.”

—*Biosimilar Substitution in Michigan: A Case Study*

“For the base case analysis, the total savings opportunity was identified based on a 97% potential market uptake, no rebates foregone, and a biosimilar price range. The base case analysis found a savings opportunity of \$28–\$48 million against a plan spend of \$208.8 million for the drugs evaluated.”

—*Two Employer Plan Sponsors Biosimilar Savings Analysis  
Prepared for the Purchasers Business Group on Health*

“Patients, employers and taxpayers could save significantly if barriers to biosimilars were removed.”

—*Pacific Research Institute*

“This scenario assumes that stakeholders make a concerted effort to encourage biosimilar utilization, resulting in a biosimilar substitution rate of 50% and a price discount of 40%.”

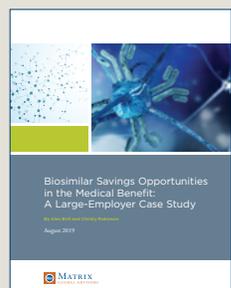
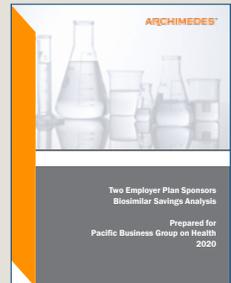
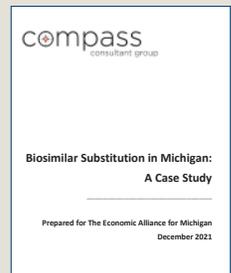
—*Biosimilar Savings Opportunities in the Medical Benefit:  
A Large-employer Case Study*

“Self-insured companies could have saved \$407 million to \$1.4 billion in 2018 had they switched completely from reference biologics infliximab and filgrastim to biosimilars, according to a report from the ERISA Industry Committee.”

—*AJMC Center for Biosimilars*

“As large employers experiment with ways to jump-start the use of lower-cost biosimilars among their staff, the former Dean Foods tried a health plan carve out—on both medical and pharmacy benefit sides—that led to a cost savings of \$174,600 (77% reduction) by switching employees on a select number of originator specialty drugs to biosimilars.”

—*Dean Foods, Carving out Specialty Pharmacy and  
Using Biosimilars to Control Specialty Spend*



## RESOURCES

- [Improving Drug Management: Employer Strategies on Biosimilars](#)
- [Action Brief: Biosimilars in the Pharmacy Benefit](#)
- [Opportunities in Pharmacy Benefit Management](#)
- [Achieving Value on the Medical Side of Drug Benefits](#)
- [Findings on the State of the PBM Industry \(with a special focus on biosimilars\)](#)
- [Employer Rx Value Assessment Framework: Building the Bridge to Sustainability](#)
- [Biosimilars: Employers and Employees See Savings, More Competition Needed](#)



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