

POTENTIAL COST SAVINGS OF BIOSIMILAR DRUGS

Given marketplace uncertainty, there is a broad range of projected biosimilars savings in the U.S.:

- **RAND Corporation** predicts biosimilars will lead to a \$44.2 billion reduction in spending on biologic drugs from 2014 to 2024.ⁱ
- **Express Scripts** estimates potential biosimilar savings of \$250 billion from 2014 to 2024.ⁱⁱ
- **Congressional Budget Office (CBO)** projects savings from biosimilars to be \$25 billion from 2009 to 2018.ⁱⁱⁱ
- **Centers for Medicare and Medicaid Services (CMS)** has not released savings estimates, but notes that “state Medicaid programs should view the launch of biosimilar biological products as a unique opportunity to achieve measurable cost savings and greater beneficiary access to expensive therapeutic treatments for chronic conditions.”^{iv}

State legislative fiscal analyses on laws related to biologic medications and substitution of biosimilars indicate the potential for savings and note the challenges of producing specific estimates:

- **Florida** – “It is anticipated that once biosimilars are approved by the FDA and deemed interchangeable with prescription biologics, Medicaid and the State Group Insurance program may realize cost savings due to substitution of less expensive biosimilars for prescription biologics. The estimate of cost savings is undetermined.”^v
- **Pennsylvania** - “SB 405 will generate savings to the Medicaid program in the Department of Public Welfare (DPW) and in The Pennsylvania Employees Benefit Trust Fund (PEBTF) program when a biosimilar is substituted for a more expensive prescribed medicine.” Additionally, “The Governor’s Budget Office noted that as biosimilars come to the market, the Commonwealth would expect that biosimilars would help reduce costs for DPW and PEBTF. Potential savings to the Commonwealth cannot be calculated at this time.”^{vi}
- **Missouri** – “Long term projected annual savings are estimated to be \$0 to \$137,801,707 of which, the Federal portion (63.228%) would be \$87,129,263 and the State share (36.772%) would be \$50,672,444.”^{vii}
- **Colorado** – “When biosimilar products are approved, the Medicaid program and state and local group health plans are expected to see savings in prescription drug costs.”^{viii}
- **Tennessee** – “Authorizing physicians to substitute biosimilars for biologics is expected to result in a decrease in health care costs. Only one biosimilar is currently FDA-approved; therefore, any cost savings in the short-term is difficult to determine and is based on many factors, including the rate at which additional biosimilars become FDA-approved, the rate at which biosimilars are prescribed over biologics, and the actual cost difference between the biologic and equivalent biosimilar.”^{ix}

ⁱ RAND Corporation, “The Cost Savings Potential of Biosimilar Drugs in the United States.” (2014).

https://www.rand.org/content/dam/rand/pubs/perspectives/PE100/PE127/RAND_PE127.pdf

ⁱⁱ Express Scripts, 2015 Drug Trend Report.

[file:///C:/Users/lseaton/Downloads/Express%20Scripts%202015%20DTR%20\(1\).pdf](file:///C:/Users/lseaton/Downloads/Express%20Scripts%202015%20DTR%20(1).pdf)

ⁱⁱⁱ Congressional Budget Office, cost estimate for S. 1629 (2008). <https://www.cbo.gov/publication/24808>

^{iv} Centers for Medicare and Medicaid Services, Medicaid Drug Rebate Program Notice No. 169, March 30, 2015.

<https://www.pharmamedtechbi.com/~media/Supporting%20Documents/The%20Pink%20Sheet%20DAILY/2015/March/Medicaid%20biosimilars.pdf>

^v Florida House of Representatives Staff Analysis on HB 365 (2013):

<https://www.flsenate.gov/Session/Bill/2013/0365/Analyses/h0365c.HHSC.PDF>

^{vi} Pennsylvania Senate Appropriations Fiscal Note on PA SB 405 (2013):

<http://www.legis.state.pa.us/WU01/LI/BI/SFN/2013/0/SB0405P1554.pdf>

^{vii} Missouri Committee on Legislative Research Oversight Division Fiscal Note on SB 875 (2016):

<http://www.moga.mo.gov/OverSight/Over20161/fispdf/5452-02T.ORG.pdf>

^{viii} Colorado Legislative Council Staff Fiscal Note CO HB 1121 (2013):

http://www.leg.state.co.us/clics/clics2013a/csl.nsf/fsbillcont3/4BC9F025AF7AFC1487257AAEE0054B013?Open&file=HB1121_f1.pdf

^{ix} Tennessee General Assembly Fiscal Review Committee Fiscal Note on HB 572 & SB 984 (2015):

<http://www.capitol.tn.gov/Bills/109/Fiscal/HB0572.pdf>