

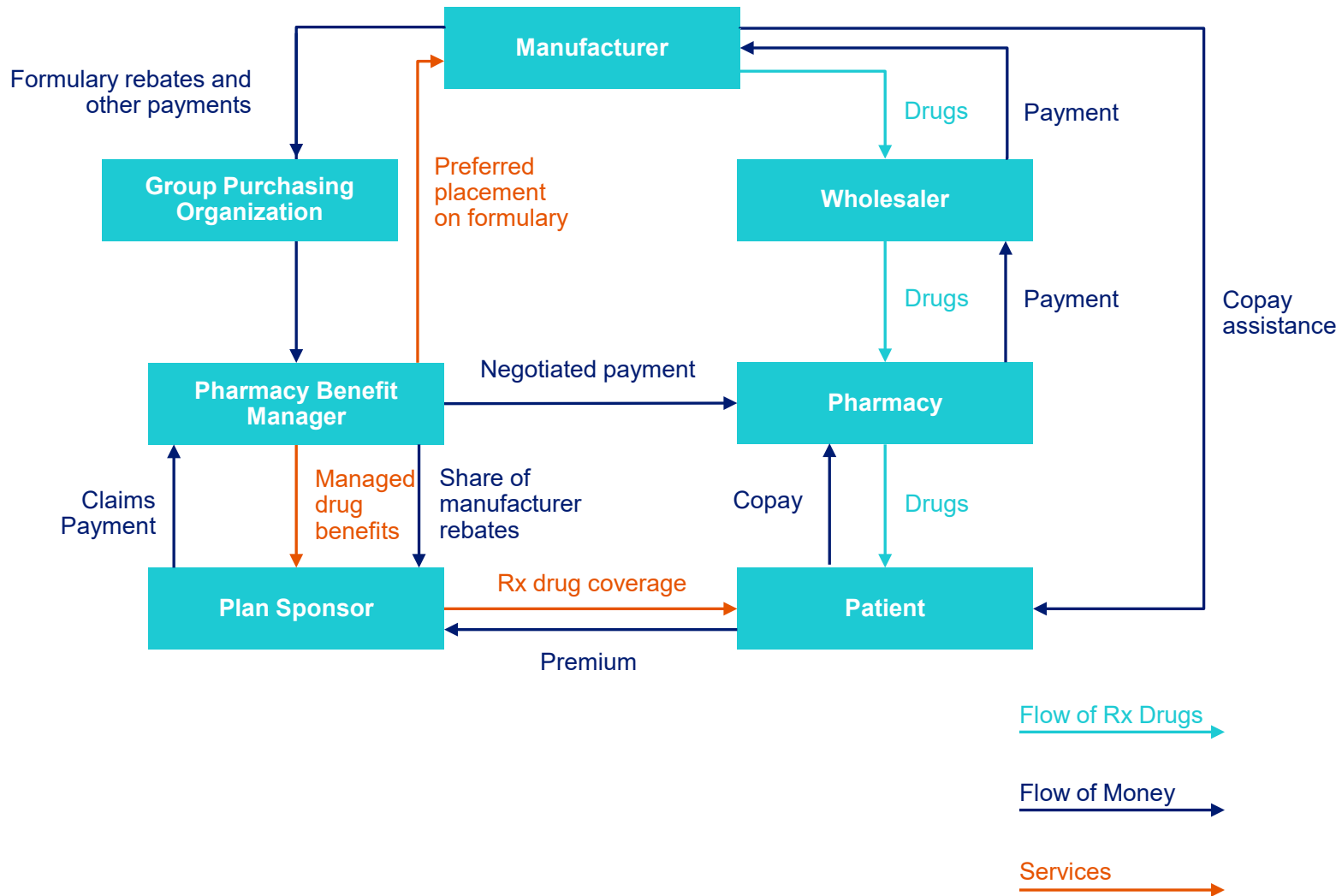


Prescription Drug Pricing in the US

World Pension Alliance and Transatlantic
Conference

June 15, 2023

Flow of Rx Drugs and Money Through the US Pharmaceutical Distribution System

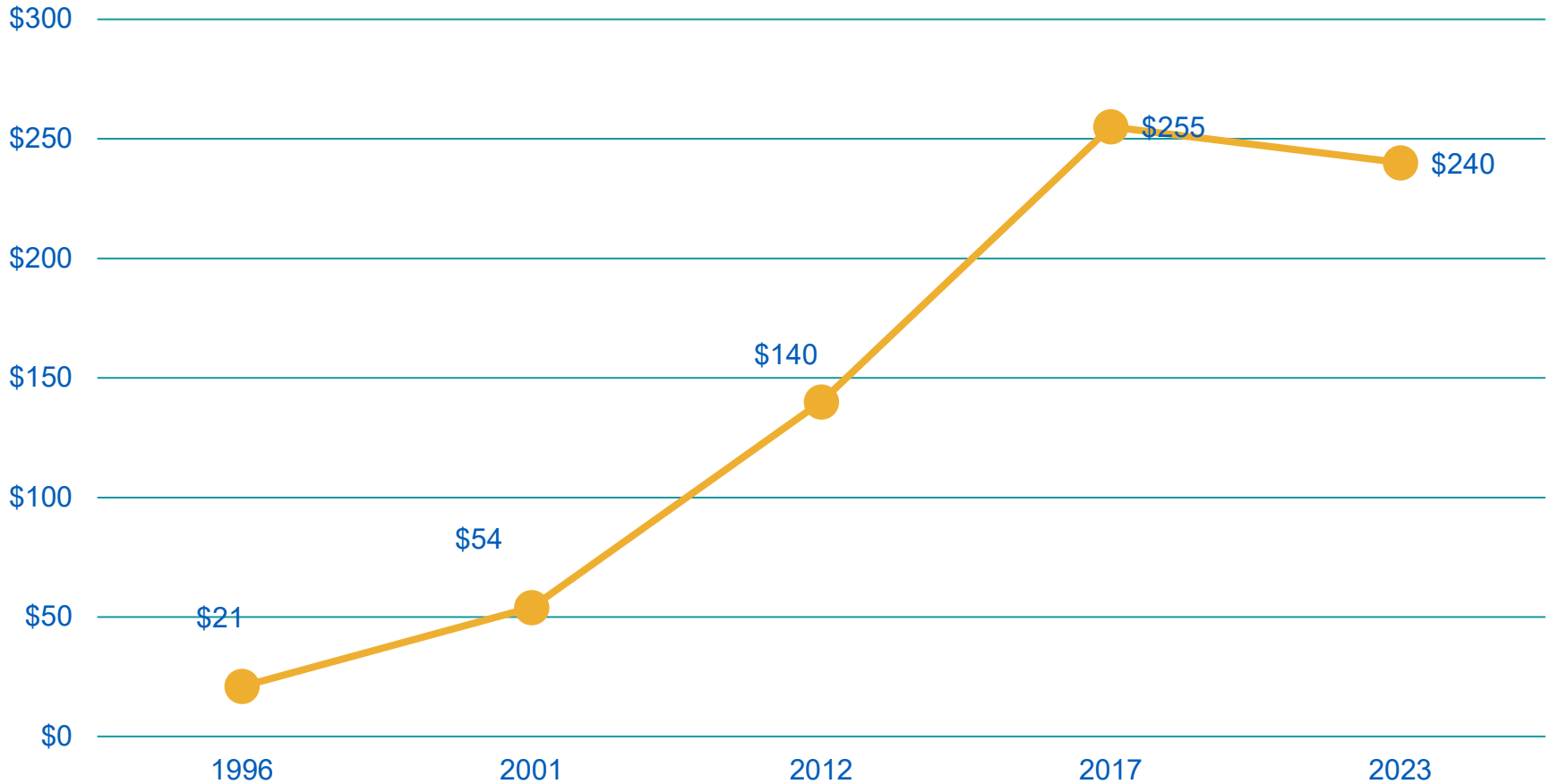


Illustrative of major Rx retail distribution components for self-insured plan.

Humalog Pricing

Human Synthesized Insulin on the market for 25+ years

Humalog US List Price (per vial)



Source: Business Insider; 2023 updated by Segal

Eli Lilly Insulin Price Reduction Announcement

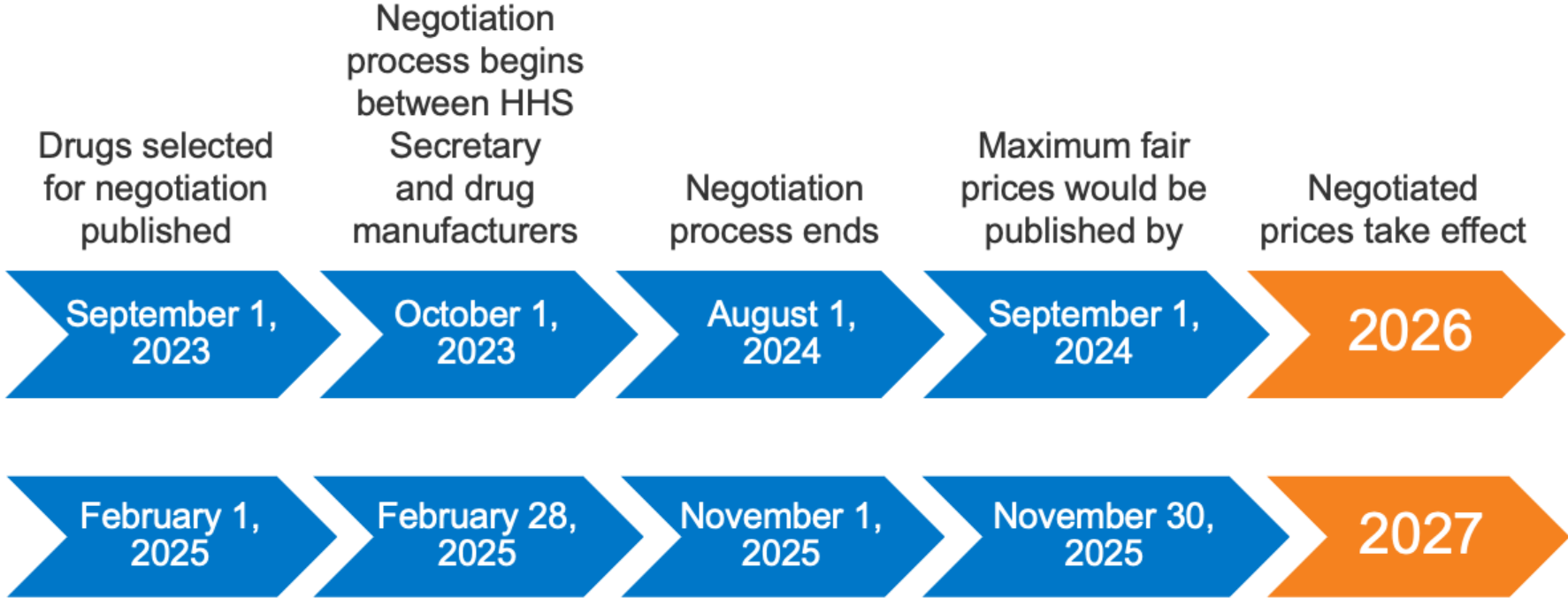
- Generic unbranded insulin reduced to \$25 per vial effective May 1
- Patient out-of-pocket limited to \$35 per month
- Most commonly prescribed Humalog list price to be reduced 70% in 4Q 2023
- True impact to plan sponsors remains unclear



Inflation Reduction Act

Figure 1

Medicare Drug Price Negotiation Timeline for 2026 & 2027



SOURCE: KFF analysis of section 11001 of the Inflation Reduction Act of 2022.



US Prescription Drug Pricing

Where do we go from here?

The impact of Medicare drug pricing negotiation for commercial plans is unknown

There are other legislative steps that can be pursued to curb prescription drug prices while maintaining robust Pharma research and development

- Limiting Evergreening for Brand Drugs
- Improving Transparency of True (Net) Prices
- Support of Biosimilar Market

