

FOR IMMEDIATE RELEASE

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For more information, contact: Carl Seitz  
E-mail: [seitzc@lvbch.com](mailto:seitzc@lvbch.com)

## **Lack of Transparency and Misaligned Incentives Reduce Adoption of Biosimilars Per National Alliance of Healthcare Purchaser Coalitions**

*US years behind European Union; lack of competition and uptake means higher prices for employers*

**Bethlehem, PA** – Biologics have transformed the science and economics of drug management and account for an increasing share of US prescription drug spending. The adoption of biosimilars (similar to already approved biologic drugs) in the US could save \$133 billion over the next four years, but access and adoption barriers may limit these savings. To help employers overcome these obstacles, the National Alliance of Healthcare Purchaser Coalitions (National Alliance) brought together seven regional coalitions and more than 60 employers for a series of roundtables across the country. The findings and recommendations were released today.

“The US lags Europe in embracing and expanding the biosimilars market,” said Michael Thompson, National Alliance president and CEO. “Educating plan sponsors about barriers to broader adoption of biosimilars will enable them to challenge the market dynamics blocking this critical channel to achieve a more competitive drug market.”

### **Key observations:**

- Market shift from the patient as the end consumer to more personalized treatment based on individual therapies
- Lack of transparency and misaligned incentives in the US drug market contribute to purchaser lack of engagement and reduced adoption of biosimilars
- While gaining traction in the US, the European Union is several years ahead for biosimilars with many blockbuster biologics reaching the market sooner and subject to competition from multiple biosimilars – resulting in lower prices and higher uptake

### **Five recommendations for employers:**

- Plan Design – Amend coverage and communications to prioritize biosimilars and cover biomarker testing; implement an overall plan design that minimizes member disruption; limit any changes or grandfathering for current members’

treatment cycle

- Formulary Design – Insist on total transparency on formulary placement and specifically the economics of biosimilars; consider custom formulary design and targeted utilization management
- Drug Pricing & 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
- Drug Availability – Ensure coverage of high-value biosimilars at an appropriate tier level as lack of coverage can stagnate the market over time; incent use of all biosimilars in the same drug class over the reference product
- Site of Care & Drug Administration – Focus on the impact of site-of-care on cost of delivery; consider a preferred/tiered site of care policy

“Unlike generic drugs, which are available to 90% of patients, lower cost biosimilars are only available to 20% of the patients who need them,” said Juliana M. Reed, executive director of the Biosimilars Forum. “Biosimilars are critical to lowering the cost of drugs in the US, and these findings make it crystal clear that policymakers can achieve billions in healthcare savings by increasing biosimilar adoption and access. We call on President Biden and Congress to do more to advance biosimilars to lower drug costs in this country.”

More than 60 employers participated with the following coalitions to explore trends and broad-based biosimilar drug strategies:

- Economic Alliance for Michigan
- Florida Alliance for Healthcare Value
- HealthCare 21 Business Coalition
- Houston Business Coalition on Health
- Lehigh Valley Business Coalition on Healthcare
- Memphis Business Group on Health
- Washington Health Alliance

Funding for this effort was provided by the Biosimilars Forum, a nonprofit organization working to advance biosimilars in the United States with the goals of expanding access and availability to improve healthcare outcomes. Engagement with employers and regional coalitions around biosimilars led by the National Alliance will continue this year.

### **About LVBCH**

LVBCH is a multi-state, not-for-profit, coalition of employers striving to provide access to quality affordable healthcare for their employees. The Coalition’s mission is to improve the delivery, cost and quality of health care in our communities through: Collective employer action; Quality and data initiatives; Value based purchasing; and, Providing forums for the exchange of information, ideas and resources. The Coalition is also a member of the National Alliance of Healthcare Purchaser Coalitions, the National Quality Forum and The Leapfrog Group. For more information, visit [www.LVBCH.com](http://www.LVBCH.com).



### **About National Alliance of Healthcare Purchaser Coalitions**

The National Alliance of Healthcare Purchaser Coalitions (National Alliance) is the only nonprofit, purchaser-led organization with a national and regional structure dedicated to driving health and healthcare value across the country. Its members represent private and public sector, nonprofit, and Taft-Hartley organizations, and more than 45 million Americans, spending over \$300 billion annually on healthcare. To learn more, visit [www.nationalalliancehealth.org](http://www.nationalalliancehealth.org) and connect with us on Twitter and LinkedIn.

Media contact:  
Cary Conway  
[cconway@nationalalliancehealth.org](mailto:cconway@nationalalliancehealth.org)  
972.649.4707

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