

Discover cost saving  
opportunities with the

**BIOLOGICS**  
**SAVINGS**Partnership™



## THE BIOLOGICS SAVINGS PARTNERSHIP™ (BSP) FROM JANSSEN INC.

### An innovative solution to the rising cost of drug-benefit plans

Biosimilar biologic drugs (also known as “biosimilars”) alone may not be the answer to drug plan sustainability. Given the chronic nature of inflammatory diseases, patients may require multiple biosimilar and/or biologic therapies over time to treat their disease.<sup>1,2\*</sup>

Working with an insurance carrier that offers the **Biologics Savings Partnership™** presents an option to help with plan sustainability, delivering both **immediate and long-term cost savings** for plan sponsors and their employees.

Along with potential savings from biosimilars, the **Biologics Savings Partnership™** enables **access to savings** across a breadth of **biologics in different classes** and with **different targets**. This provides broader access to a range of biologic treatment options, including newer biologics, without an additional cost burden.

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## HOW DOES THE BIOLOGICS SAVINGS PARTNERSHIP™ HELP CUT COSTS?

### Private coverage costs have been increasing in Canada

The proportion of Canadians with access to coverage through private insurance has increased from 71 to 79 percent in the last decade.<sup>3</sup> Compared to 1990, private insurance plans in 2018 had spent about 8 times more for prescription drug coverage.<sup>4</sup> In recent years, spending has increased by approximately 10.8 percent annually.<sup>5†</sup>

### The use of biologics and biosimilars is a major factor driving this change

The rise in drug spending is being driven in part by the increasing utilization of biologics and biosimilars. Currently, spending on specialty drugs, including biologics represents 29 percent of the overall spending on prescription drugs in private insurance plans.<sup>5</sup>

### A Biosimilar First strategy is not the only way to offset these costs

A strategy that Canadian private insurance plan providers can consider is balancing the increase in costs of biologics by introducing policies to integrate the use of biosimilars into their benefit plans. Private insurers may also have the option of using a biosimilar first strategy for cost savings, whereby new bio-naïve patients (i.e., patients who have previously never been treated on a biologic) are initially started on biosimilars (when available) and can only access biologics in the case of intolerance or treatment failure from biosimilars.<sup>6</sup>

### Product Listing Agreements, like Biologics Savings Partnership™, offer another option

Another strategy that can be employed is a Product Listing Agreement (PLA), which is an agreement between biologic manufacturers and plan providers to help manage costs.<sup>6,7</sup>

Janssen Inc. is proposing such a PLA strategy for its biologics portfolio called a Biologics Savings Partnership™. The BSP strategy would provide private insurance plans with discounts on the cost of all Janssen biologics to align with the cost of biosimilars, the savings applied to both bio-naïve and bio-experienced patients.

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## HOW DOES THE BIOLOGICS SAVINGS PARTNERSHIP™ COMPARE TO A BIOSIMILAR FIRST STRATEGY?

### A combination of the BSP and Biosimilars First approach leads to estimates of more savings compared to the Biosimilar First strategy alone<sup>8†</sup>

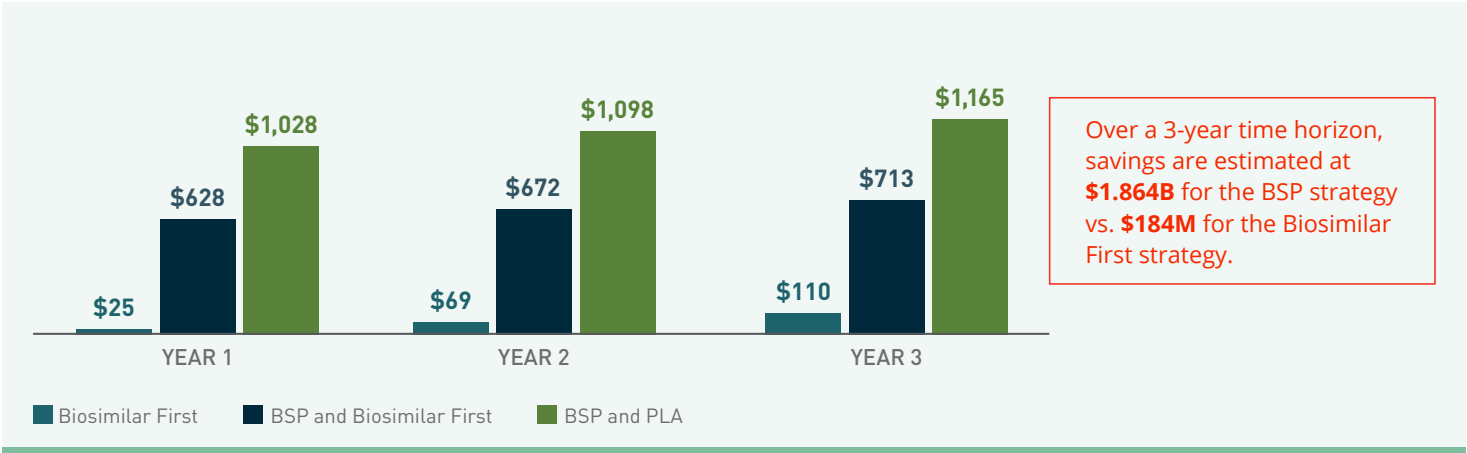
Janssen engaged RSM Canada to conduct an actuarial analysis of the BSP strategy for private insurance drug plans in Canada. The objective of the study was to estimate the cost effectiveness of BSP and industry-wide PLA strategies compared to a Biosimilar First strategy.

\* For the purposes of this piece, the term biologics will only be used to refer to “innovative” biologics (being a drug that contains a medicinal ingredient not previously authorized in a drug by Health Canada) and “reference” biologics (being a biologic drug already authorized for sale in Canada, which is referenced by the biosimilar seeking an authorization for sale based on a demonstration of similarity to the reference biologic).

DEFINITIONS OF SCENARIOS ANALYZED

| # | SCENARIO                          | DESCRIPTION  |
|---|-----------------------------------|--|
| 1 | Baseline                          | <ul style="list-style-type: none"><li>No cost savings strategy applied; and</li><li>All scenarios are compared against baseline to establish cost savings.</li></ul>   |
| 2 | Biosimilar First strategy         | <ul style="list-style-type: none"><li>Bio-naïve patients are placed on biosimilars when available; and</li><li>Bio-experienced patients continue as before. Cost savings only applies to new bio-naïve patients.</li></ul>   |
| 3 | BSP and Biosimilar First strategy | <ul style="list-style-type: none"><li>Cost savings from the current use of biosimilars continue</li><li>Cost for bio-naïve and bio-experienced patients on Janssen biologics was discounted such that the annual cost of each biologic is comparable to the annual cost of a biosimilar. For the purposes of this analysis, an amount of \$16,000 per patient was identified as the annual cost cap.</li></ul> |
| 4 | BSP and PLA strategy              | <ul style="list-style-type: none"><li>Cost for bio-naïve and bio-experienced patients on all biologics on the market is discounted such that the annual cost of each biologic is \$16,000 per patient, as per the BSP strategy.</li></ul>  |

YEAR OVER YEAR TOTAL MEAN SAVINGS TO PRIVATE INSURANCE PLANS UNDER THREE SCENARIOS\*



The BSP strategy outperformed a Biosimilars First approach with respect to estimated cost savings<sup>†‡</sup>

The estimated savings associated with the BSP strategy were significantly more than with the Biosimilars First approach:

BIOLOGICS SAVINGS PARTNERSHIP™ VS. A BIOSIMILARS FIRST APPROACH OVER 3 YEARS

|          | BSP APPROACH                      | BIOSIMILARS FIRST APPROACH |
|----------|-----------------------------------|----------------------------|
| Savings  | \$1.864 Billion                   | \$184 Million              |
| Products | Biologics<br>Biosimilars          | Biosimilars only           |
| Patients | New patients<br>Existing patients | New patients only          |

<sup>†</sup> Measured from 2009–2018.  
<sup>‡</sup> RSM used IQVIA private insurance claims data provided by Janssen Inc., which consisted of product-level claims costs and modeled retention rates to estimate the cost of biologics and biosimilars. Dispensing fees and confidential rebates were not considered. Biologics and biosimilars included in the analysis were restricted to the following major indications for which the drug products are authorized in Canada: Inflammatory bowel disease (Crohn’s disease and ulcerative colitis), rheumatoid and psoriatic arthritis, and plaque psoriasis. Twenty-four biologics and biosimilars were included in the analysis: Actemra, Orencia, Brenzys (biosimilar), Otezla, Cimzia, Remicade, Cosentyx, Renflexis (biosimilar), Enbrel, Rituxan, Entyvio, Siliq, Erelzi (biosimilar), Simponi, Humira, Skyrizi, Inflectra (biosimilar), Stelara, Kevzara, Taltz, Kineret, Tremfya, Olumiant, Xeljanz. Cost savings included forecasting the biologic and biosimilar spending in the Canadian private insurance market based on product-level, historical claims data gathered by IQVIA and provided by Janssen from January 2016 to July 2019 (Analysis Period).



A combined BSP and Biosimilars First approach can generate significantly more potential savings for private insurers while providing physicians and patients the flexibility to choose between biologics and biosimilars.

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