Soaring Psoriasis: *Market Trends and Opportunities for Psoriatic Conditions*

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Pharmacy benefit plan administrators often see autoimmune conditions, such as rheumatoid arthritis and psoriasis, as large contributors to their spend. Within this class, psoriatic conditions like plaque psoriasis and psoriatic arthritis are leading to higher pharmacy spend than ever before, particularly due to biologics.

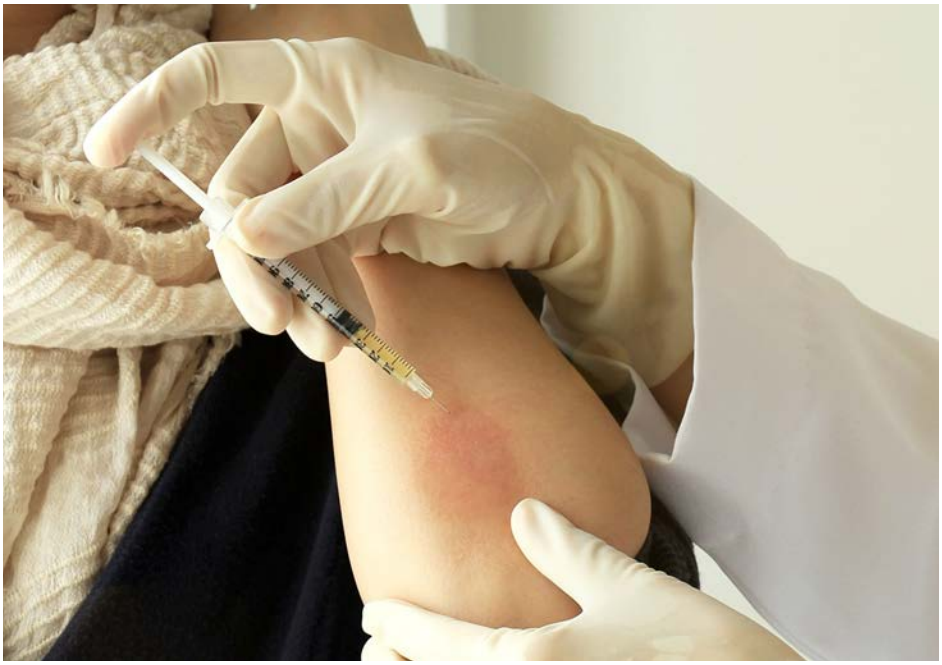
By the end of 2023, the total direct health care cost of psoriasis in the United States could be $60 billion or more, while estimates for indirect costs may be upwards of $35 billion.[1] When accounting for productivity losses, indirect costs could be at least $4,000 per person annually.[2] Biologic therapies account for a large majority of the direct costs, with most of this spend occurring under the pharmacy benefit. Despite the higher pharmacy costs, these products control symptoms effectively and reduce disease progression, which can help control further spend down the road.

Because of their strong track record, biologics have quickly gained notoriety as the best available treatments for psoriatic conditions. Plaque psoriasis, more commonly known as psoriasis, and psoriatic arthritis are closely related as about 30% of people with plaque psoriasis develop psoriatic arthritis.[3] Given this close connection, medications used for plaque psoriasis are often effective for psoriatic arthritis as well. This includes Humira, Stelara and most specialty biologics used for psoriasis. Psoriatic arthritis symptoms include uncomfortable skin lesions seen in psoriasis, but these patients also experience joint pain, swollen fingers or toes and reduced mobility. Both conditions increase the risk of developing comorbidities such as diabetes and obesity, but psoriatic arthritis may carry a larger burden to the health care system. Over the last 10 years, all-cause annual health care costs per patient with psoriatic arthritis were almost $30,000 compared to about $11,000 for those with plaque psoriasis, highlighting the economic burden of psoriatic arthritis.[4] While reviewing claims data, plan sponsors should consider how both conditions are affecting their plan.

Despite the higher spend that biologic products are associated with, treatment options are available that can save costs for members and plan sponsors. Conventional therapies such as methotrexate, topical steroids or vitamin D analogs can control symptoms for mild psoriasis without leading to high costs. Phototherapy is another form of cost-effective treatment whereby patients are exposed to controlled amounts of UV light, which can help reduce inflammation on the skin.

In general, patients will visit the hospital or clinic three times a week to receive phototherapy. However, home phototherapy provides substantial cost-savings over time for plan sponsors and reduces the burden of treatment for members. A 2018 study estimated that biologics can cost up to 36 times more than home phototherapy over a three-year period since initial setup is the primary source of phototherapy costs.[5] Before starting biologics, phototherapy could be incorporated into prior authorizations to control unnecessary utilization.

Even with tight plan controls, a small number of utilizers of biologic products can have a large impact on spend. Many biologics are single-source brands that do not have market competition to lower costs, which can help explain this impact. The complexity of biologics



necessitates a different approval process for therapeutically equivalent products, which has led to the development of biosimilars. Biologic manufacturers have been able to prevent competition for several years, but many popular products are losing market exclusivity as patents expire. Amjevita was launched this January as the first biosimilar to the blockbuster autoimmune drug, Humira. We expect up to 11 more biosimilar products to launch for this medication throughout 2023. Another highly utilized psoriasis product, Stelara, is expected to lose exclusivity this September. No biosimilars to Stelara have been approved yet, but recent patent settlement agreements make the launches unlikely until January 2025. Loss of exclusivity may also occur for Cimzia in 2024, further expanding the potential biosimilar market for psoriatic conditions. Cost savings will depend on formulary status and market competition, which will take time to produce a significant impact.

Manufacturers are also continuing to invest in the research and development of products for these psoriatic conditions. At the end of 2022, we saw the launch of a new oral treatment option for psoriasis called Sotyktu that showed favorable results when compared to a common oral product, Otezla. Improved topical treatments for plaque psoriasis have also been a priority for manufacturers as two new topical products were launched in 2022. These products are Vtama and Zoryve, which will compete for formulary placement going forward. Beyond oral and topical products, a new injectable product called Bimzelx (bimekizumab) may see market entry in 2023, but approval has been delayed due to manufacturing concerns. Bimzelx provides a novel mechanism of action, although market uptake may be limited as a result of delayed approval and strong competition. Lastly, Spevigo is a recently approved injectable product for a rare, potentially life-threatening form of psoriasis called generalized pustular psoriasis. FDA approved medications for this condition did not exist prior to Spevigo, which applies to several other dermatological conditions with recent approvals. Novel products often have limited indications and higher costs, making them ideal targets for prior authorization with step therapy and controls to prevent off-label utilization.

Psoriatic conditions can bring high utilization and spend to pharmacy and medical benefit plans due to their health care burden. Members with psoriatic conditions often require biologic medications and increased medical support for their underlying condition and comorbidities. Biologics are effective treatment options, but as large contributors to spend, they are also primary targets for pharmacy utilization management. Incorporating step therapies with conventional medications and phototherapy are great opportunities to mitigate biologic utilization and spend. Biosimilars represent another opportunity to save costs as the first Humira biosimilar was launched in January, while Stelara and Cimzia may see biosimilar competition in late 2024 and 2025. Although biosimilars are expected to bring significant savings for psoriasis and other autoimmune conditions, market competition and formulary placement will determine when those savings can be realized by plan sponsors.

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