AMWINS Rx

Financial and Clinical Review

of Emerging Pharmacy Market Forces (2026–2029)

- Pipeline Drugs, Biosimilars, and Direct to Consumer Models
- Implications for Client Plan Costs, Utilization, Rebates, and Pricing Guarantees

Executive Summary

Over the next three years, Client's pharmacy and medical spend will be shaped by **three converging forces**:

- **High cost pipeline drugs**, particularly GLP 1 therapies and specialty biologics
- **Accelerating biosimilar competition**, offering significant—but not automatic—savings opportunities
- **Expansion of direct to consumer (DTC) advertising and sales models**, which may increase utilization and weaken traditional cost control levers

Together, these forces are expected to:

- Increase baseline utilization of high cost therapies
- Reduce the reliability of rebate centric pricing guarantees
- Create parallel access channels outside traditional PBM and plan oversight

Proactive plan design, formulary management, and contract controls will be essential to manage future trends.

SECTION 1

Pipeline Drugs Likely to Impact Plan Costs (2026–2029)

1.1 | Key Pipeline Categories

Pipeline activity over the next three years is dominated by:

- **Metabolic and obesity therapies (GLP 1 and related agents)**
- **Specialty drugs and biosimilars,** including oncology, autoimmune, and rare disease products
- **Cell and gene therapies (CGTs)** with very high per patient costs

Specialty drugs now account for the majority of FDA approvals and represent the largest source of cost volatility.

1.2 | Key Pipeline Categories

Key Drugs and Indications

Drug	Manufacturer	Expected Indications
Foundayo Oral orforglipron	Eli Lilly	Obesity; Type 2 diabetes
Oral Ozempic (semaglutide)	Novo Nordisk	Type 2 diabetes
High dose semaglutide (7.2 mg)	Novo Nordisk	Obesity
Expanded GLP 1 indications	Multiple	HFpEF, PAD, MACE reduction, MASH

Clinical Impact

- Comparable or superior weight loss efficacy relative to current injectable GLP 1s
- Expanded cardiometabolic indications significantly broaden eligible populations
- Oral formulations reduce initiation barriers, increasing total demand

Financial Impact on Client

- **Utilization:** Large increase driven by new starts, not just switching
- **Plan Costs:** Volume growth likely exceeds any unit price concessions
- **Rebates:** Growing shift from rebate maximization toward utilization controls
- **Pricing Guarantees:** Increased risk of PBM carve outs

Overall risk: High, persistent trend driver

Pipeline Drugs Likely to Impact Plan Costs (2026–2029) *(continued)*

1.3 | Specialty and Oncology Pipeline

Clinical Profile

- Incremental improvements in disease control and progression free survival
- Often biomarker driven with narrow populations but extreme per patient costs

Financial Impact on Client

- **Utilization:** Low frequency, high severity claims
- **Plan Costs:** Oncology PMPM spend expected to rise materially through 2027
- **Rebates:** Limited or absent
- **Pricing Guarantees:** Often excluded when covered under medical benefit

1.4 | Cell and Gene Therapy (CGT)

Clinical Profile

- One time or short duration therapies frequently exceeding $1M per treatment
- Low utilization but catastrophic cost impact
- Limited outcomes based contracting maturity
- Stop Loss Cell and Gene Therapy insurance can protect against claim costs

SECTION 2

Biosimilar Drugs

2.1 | Biosimilar Market Overview

- Biosimilars have generated tens of billions of dollars in U.S. savings to date
- Nearly 25 additional biosimilars are expected to receive FDA approval by 2027
- Savings realization depends heavily on formulary positioning, rebates, and ability to drive conversion to biosimilars

2.2 | High Impact Biosimilar Categories

Reference Product	Therapeutic Area	Biosimilar Status
Humira (adalimumab)	Autoimmune	10+ biosimilars available
Stelara (ustekinumab)	Autoimmune	Multiple biosimilars launched
Enbrel (etanercept)	Autoimmune	Anticipated in 2029
Lucentis / Eylea	Ophthalmology	Anticipated in 2026 - 2027

2.3 | Clinical Considerations

- Biosimilars have no clinically meaningful differences from reference biologics
- Provider confidence is generally high
- Hesitancy increases with non medical switching of stable patients

2.4 | Financial Impact on Client

Utilization

- Biosimilars gain rapid share only when explicitly preferred
- Without enforcement, adoption may remain minimal despite large list price discounts

Rebates

- Biosimilars generally offer lower rebates
- Traditional PBM incentives may favor higher rebate reference products

Plan Costs

- Discounts may exceed 50%–90% versus reference products
- Net savings are highly sensitive to conversion speed and compliance

Pricing Guarantees

- Reduced rebate guarantees may improve net cost transparency, but only if aligned contractually.

Overall opportunity: High savings potential with active management

SECTION 3

Direct to Consumer (DTC) Advertising and Sales

3.1 | Impact of DTC Advertising on Utilization

- DTC advertising increases patient requests for specific branded drugs
- Research indicates that increased DTC spend is associated with increased prescription utilization and total drug spending
- Advertising is frequently concentrated on high cost, brand name therapies

Implication for Client: Marketing driven demand increases utilization even when clinical differentiation is limited.

3.2 | Expansion of Direct to Consumer Drug Sales

Key Models

Direct to Consumer (DTC)

Cash pay purchases via manufacturer platforms.

Direct to Patient (DTP)

DTC sales paired with telehealth prescribing.

Direct to Employer (DTE)

Manufacturer employer contracting outside PBMs.

These models bypass traditional PBM and retail pharmacy channels and are expanding most rapidly in:

- GLP 1 / obesity
- Migraine
- Mental health
- Dermatology

3.3 | Financial Impact on Client Plans

Potential Cost Relief

- Lower upfront prices than list price
- Some utilization may shift outside the plan

Countervailing Risks

- Lower barriers increase total utilization
- Cash pricing does not always beat traditional net cost after rebates
- Undermines formulary and biosimilar steering

3.4 | Rebate and Pricing Guarantee Implications

- DTC sales typically eliminate rebates entirely
- Parallel access channels reduce predictability of rebate based guarantees
- Weakened leverage in PBM negotiations over time

SECTION 4

Combined Impact on Client Plan Costs (2026–2029)

Expected Directional Trends

Area	Expected Impact
Utilization	Sustained increase, especially for chronic therapies
Plan Spend	Upward pressure despite biosimilar opportunities
Rebates	Less reliable; greater variance
Pricing Guarantees	Increased exclusions and adjustments
Care Management	Harder to enforce once demand precedes plan controls

Final Takeaways

While biosimilars offer meaningful savings opportunities, pipeline drugs and DTC driven demand are likely to exert sustained upward pressure on plan costs. Without proactive benefit design and contracting strategies, Client may experience higher utilization, reduced rebate predictability, and increased financial volatility over the next three years.