

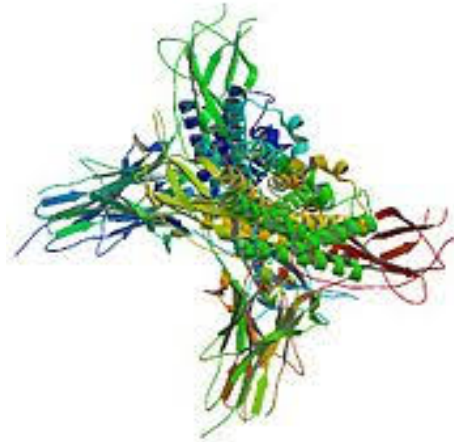
Biosimilars: The Next Frontier

PBGH & IBI Webinar Series Event

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Kaiser Permanente (KP) Facts

12.4 million members
8 States and the District of Columbia
714 Medical Offices
39 Hospitals
23,271 Physicians
63,306 Nurses
\$84.5B 2019 Operating Revenue
\$14 B 2019 Pharmacy Expenses

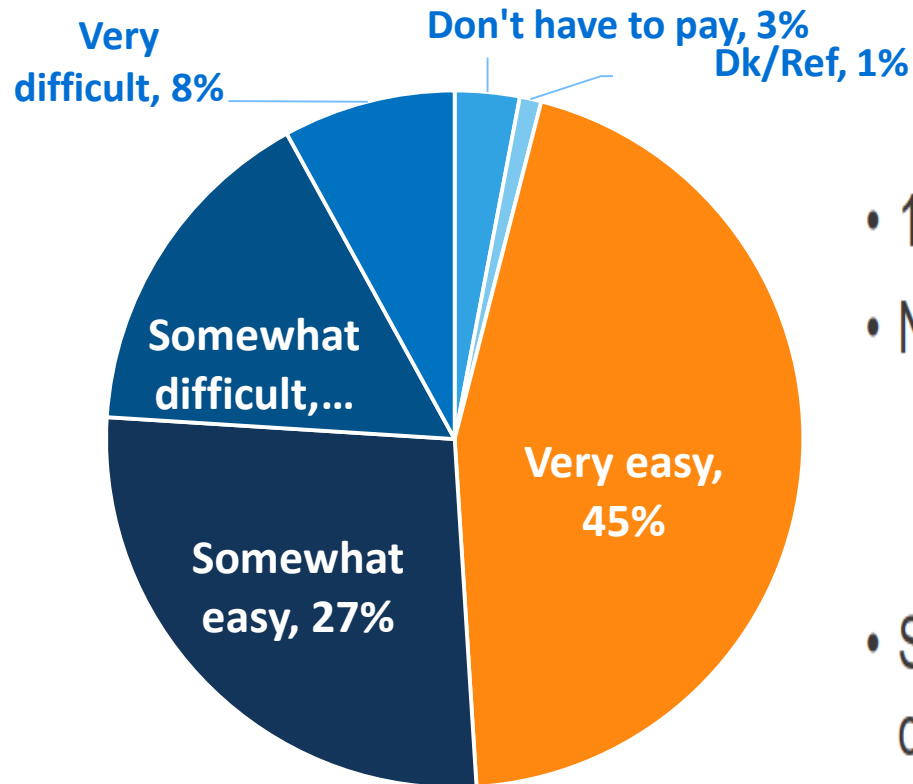


As of 2Q 2018

Visit kp.org/ataglance

What problem are we trying to solve?

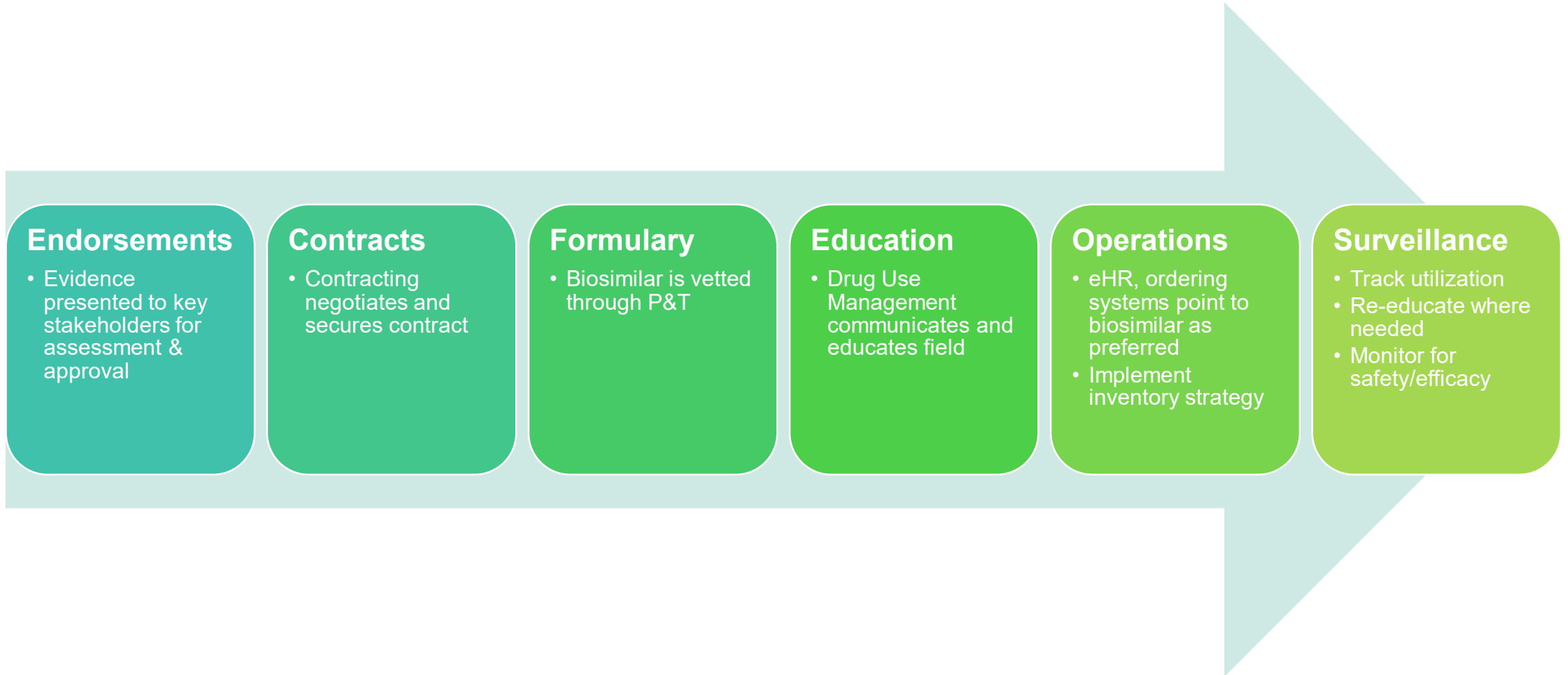
1 in 4 people in the US have a difficult time affording their medicine



- 1 in 4 people have a difficult time affording their medications¹
- Newer, innovative therapies cost ~\$500K-\$2M per patient
 - CAR-T therapy
 - Gene therapy
- Specialty drugs now account for more than half of drug budgets in many organizations
- How can we afford to provide these therapies?

Source: Kaiser Family Foundation Health Tracking Poll
(conducted Aug 6-11, 2015)

Kaiser Permanente Process for Biosimilars



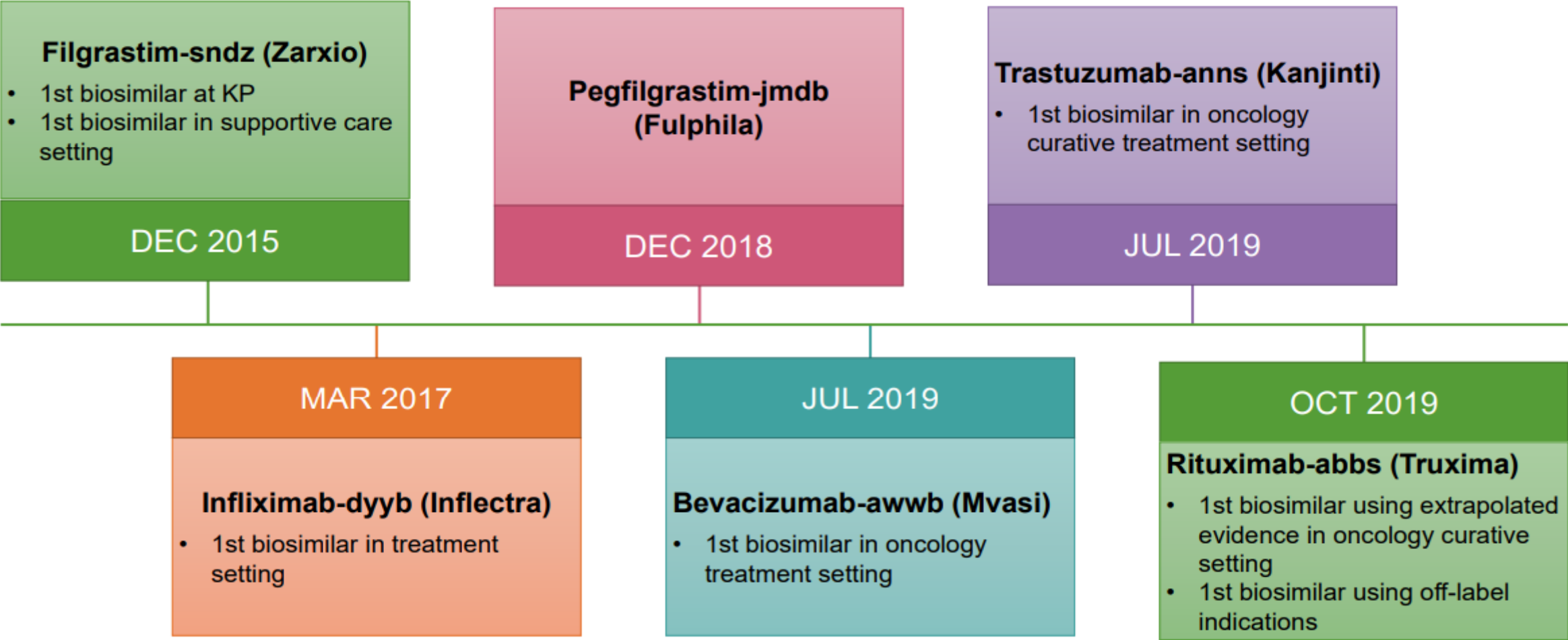
Note: Kaiser Permanente is an integrated health system, so some processes may be unique

What do patients & clinicians want to know about biosimilars?



- Is it just as effective?
- Is it just as safe?
- Are the presentations the same?
- Are there differences in patient-convenience?
- It is more cost-effective?

Kaiser Permanente Journey with Biosimilars



Currently there are 28 biosimilars approved by the FDA, with only 12 on the market

Kaiser Permanente Success With Biosimilars

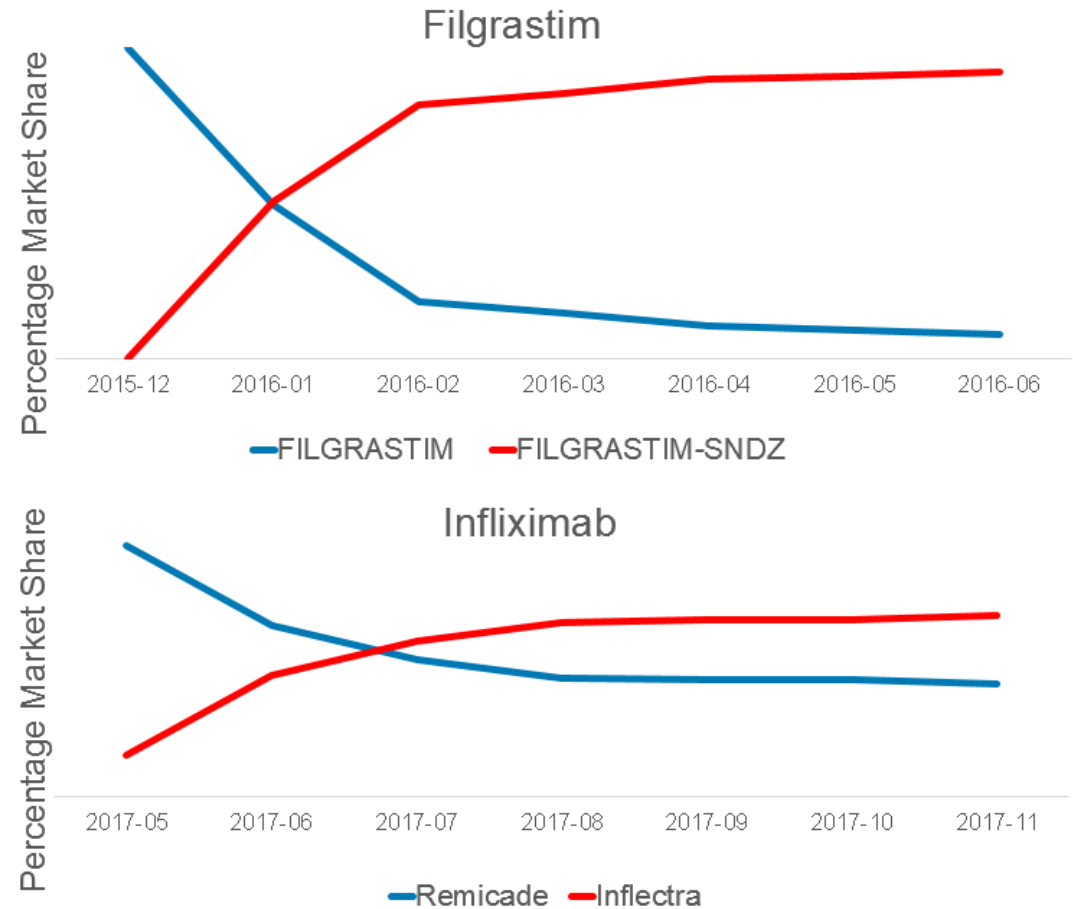
Currently using **6** biosimilars

80-95% Biosimilar market share

Estimated savings: ~\$200M since inception

Higher/faster success rates with:

- ▲ Supportive care vs treatment
- ▲ Palliative vs curative
- ▲ Increasing familiarity with biosimilar concept



The Impact Of Biosimilar Competition In Europe

	Price per TD 2016 / Year before Biosimilar entrance		Price per TD 2016 / Year before Biosimilar entrance		Volume TD 2016/ Year before Biosimilar entrance
EPO	Total market	G-CSF	Total market	Anti-TNF	
Portugal	-66%	Romania	-62%	Bulgaria	190%
Slovakia	-53%	Slovakia	-61%	Slovakia	93%
Norway	-51%	Slovenia	-57%	Sweden	74%
				Portugal	63%
				Czech	59%
HGH		Anti-TNF			
Finland	-52%	Sweden	-39%	EPO	
Poland	-42%	Norway	-32%	Poland	237%
Norway	-37%	Denmark	-24%	Greece	196%
				Italy	39%
Fertility		Insulins		Czech	36%
Denmark	-24%	Finland	-18%	Bulgaria	36%
Spain	-14%	France	-5%		
Sweden	-10%	Ireland	-3%		

The entrance of biosimilars increases price competition

Competition drives down price

Lower prices increase patient access

[The Impact of Biosimilar Competition in Europe - European Commission](#)

<https://ec.europa.eu/docsroom/documents/23102/attachments/1/translations/en/.../pdf>
May 8, 2017

Conclusions

- The US Biosimilars Market is at a critical juncture as uptake is improving but slower compared to Europe due to patent litigation amongst pharmaceutical companies, pay for delay, restricted access by PBMs/insurers, reimbursement mechanisms, and a lack of physician and patient education regarding availability and efficacy, and due to the FDA's interchangeability requirement
- This is despite the fact that there are substantial financial savings (\$54 B from 2017-2026) per the Rand Corporation) to be gained through the use of biosimilars and improved access for patients to these medications
- Biosimilar adoption provides a solution to the drug pricing and spending debate like generics did for brand name drugs
- Additional policies need to be considered to help uptake and viability of the biosimilars market in the U.S.

Questions?