

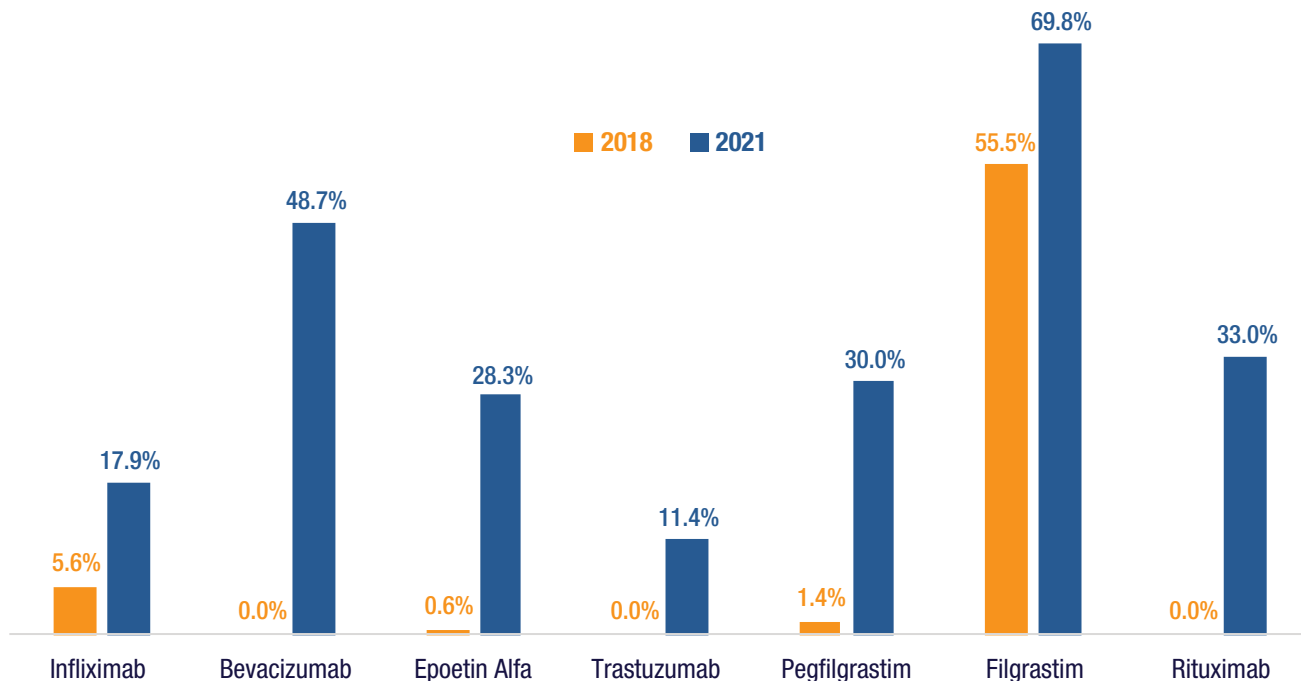
The Biosimilar Opportunity: QUARTERLY UPDATE

MAY 2021

In October 2019, the Center for Medical Economics and Innovation at the Pacific Research Institute released its second study documenting the savings potential enabled by biosimilars.¹ Biosimilars are medicines manufactured in, or derived from, biological sources that are developed to be similar to FDA-approved reference products. Biosimilars are approved to compete in nine biologic drug classes in the U.S., and are available in seven of these drug classes currently.

Since 2018, biosimilars' market share has grown appreciably, see Figure 1. Thanks to this significant growth, and based on the methodology used in the October 2019 analysis, total 2021 savings are on pace to reduce total expenditures by \$7.1 billion compared to the prices that existed prior to the introduction of biosimilar competition.

FIGURE 1
Biosimilars Share of Total Units by Drug Class
2018 compared to 12 months ending March 2021



Source: IMS

The potential savings are even greater. Should biosimilars grow to 75 percent of the market, which is still less than the share of the market for generic medicines in the U.S. or for biosimilars in many EU countries, the total potential savings in 2021 could be as high as \$13.4 billion, see Table 1. Table 1, which also displays the savings potential by state, calculates the savings based on the 12-month volume data through March 2021 and pricing data that are valid for the first quarter of 2021.²

Table 1 demonstrates that increased biosimilars use will generate large systemic savings that will meaningfully reduce the drug affordability problem. Importantly, these reduced expenditures would be associated with an approximately \$1.3 billion reduction in patient out-of-pocket costs. Therefore, greater use of biosimilars offer both large systemic savings and large direct savings to patients. However, effective policy and market reforms are essential in order for the healthcare system to realize this savings potential.

TABLE 1
Potential Estimated Savings if Biosimilars Had 75% Market Share in 2021

BIOSIMILAR MARKET SHARE 75% (IN MILLIONS)			
Alabama	\$202.1	Montana	\$49.0
Alaska	\$21.9	Nebraska	\$106.5
Arizona	\$313.9	Nevada	\$73.4
Arkansas	\$139.1	New Hampshire	\$51.8
California	\$970.6	New Jersey	\$274.6
Colorado	\$225.0	New Mexico	\$88.3
Connecticut	\$166.6	New York	\$775.0
Delaware	\$37.1	North Carolina	\$478.4
District of Columbia	\$28.1	North Dakota	\$67.3
Florida	\$925.1	Ohio	\$518.0
Georgia	\$405.6	Oklahoma	\$116.8
Hawaii	\$43.8	Oregon	\$362.2
Idaho	\$65.6	Pennsylvania	\$759.4
Illinois	\$444.6	Rhode Island	\$36.1
Indiana	\$223.2	South Carolina	\$181.5
Iowa	\$133.8	South Dakota	\$69.4
Kansas	\$110.4	Tennessee	\$370.3
Kentucky	\$182.1	Texas	\$774.4
Louisiana	\$202.3	Utah	\$223.3
Maine	\$80.8	Vermont	\$43.7
Maryland	\$265.9	Virginia	\$315.7
Massachusetts	\$363.7	Washington	\$260.6
Michigan	\$337.7	West Virginia	\$80.4
Minnesota	\$226.9	Wisconsin	\$537.8
Mississippi	\$97.3	Wyoming	\$14.2
Missouri	\$272.7	Total State Savings	\$13,114
		TOTAL SAVINGS	\$13,390

Source: Author calculations

Endnotes

- 1 Winegarden W (2019) “Incenting Competition to Reduce Drug Spending: The Biosimilar Opportunity” Pacific Research Institute: Center for Medical Economics and Innovation, July; https://www.pacificresearch.org/wp-content/uploads/2019/07/BiosimilarsCompetition_F.pdf. Winegarden W (2019) “The Biosimilar Opportunity: A State Breakdown” Pacific Research Institute: Center for Medical Economics and Innovation, October; https://www.pacificresearch.org/wp-content/uploads/2019/10/BiosimilarSavings_web.pdf.
- 2 The price data are the average sales price data from the Centers for Medicare and Medicaid Services. Readers interested in an in-depth description of the data and sources should refer to the original studies.