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2025 Annual Health Care Cost Trends Hearing

I, Greg Mitchell, am legally authorized and empowered to represent Express Scripts, Inc. for the purposes of this testimony. This testimony is signed under the pains and penalties of perjury.

X 

Greg Mitchell
Senior VP, Strategy & Business Development



MASSACHUSETTS
HEALTH POLICY COMMISSION

2025 Pre-Filed Testimony



As part of the
*Annual Health Care
Cost Trends Hearing*

Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

INSTRUCTIONS FOR WRITTEN TESTIMONY

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2025 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 31, 2025**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission. All submissions are public record and will be posted to the [HPC's website](#).

If you have any difficulty with the template or have any other questions regarding the pre-filed testimony process or the questions, please contact HPC General Counsel Lois Johnson at HPC-Testimony@mass.gov or Lois.Johnson@mass.gov.

THE 2025 HEALTH CARE COST TRENDS HEARING: PRE-FILED TESTIMONY

The Massachusetts Health Policy Commission (HPC), along with the Office of the Attorney General (AGO), holds the Health Care Cost Trends Hearing each year to examine the drivers of health care costs and consider the challenges and opportunities for improving the Massachusetts health care system.

The 2025 Health Care Cost Trends Hearing offers a critical opportunity to discuss the pressing issues challenging the stability and sustainability of the Commonwealth's health care system. These include mounting affordability issues, workforce constraints, financial volatility, increasing prescription drug costs, and threats to health care access and coverage – and the ongoing efforts to address them.

Recent federal action has created uncertainties about the health care landscape in Massachusetts. It will require a renewed commitment among stakeholders and policymakers to work together towards a health care system that is more affordable, accessible, and equitable for all residents. The 2025 Health Care Cost Trends Hearing will convene industry leaders, clinicians, and community members to reflect on recent policy actions and invite further collaborative action in Massachusetts, advancing the Commonwealth's health care goals and values.

Amid the federal activity, Massachusetts is still contending with existing affordability hardships facing the Commonwealth's residents. Massachusetts now has the highest family health insurance premiums in the country. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out-of-pocket spending). As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when health care premiums and out-of-pocket spending reach 25% of total income – a reality that 41% of Hispanic families and 26% of black families in Massachusetts faced in 2023 compared to 9% of white families. Furthermore, the average annual cost sharing per person grew from \$849 in 2019 to \$1,049 in 2023 (a 29% increase), and residents paying \$5,000 or more annually in cost sharing doubled from 2019 (1.5%) to 2023 (3.1%).

This is the first hearing since the enactment of two significant health care laws earlier this year (Chapters 342 and 343 of the Acts of 2024), which strengthen the health care market, address rising prescription drug costs, and enhance the public transparency and accountability of the Commonwealth's health care system – including requiring additional health care market participants to provide public testimony. As the HPC, the AGO, and other state agency partners continue implementation of these new laws, the 2025 Health Care Cost Trends Hearing will focus on working together to safeguard the Commonwealth's commitment to health care affordability, access, and equity.

The pre-filed written testimony affords the HPC and the AGO, on behalf of the public, an opportunity to engage with a broad range of Massachusetts health care market participants. In addition to pre-filed written testimony, the public hearing features in-person testimony from leading health care industry executives, stakeholders, and consumers, with questions posed by the HPC's Board of Commissioners about the state's performance under the [Health Care Cost Growth Benchmark](#) and the status of public and industry-led health care policy reform efforts.

QUESTIONS FROM THE HEALTH POLICY COMMISSION

1. In recent years, prescription drugs have been a key driver of spending growth in the Commonwealth, consistently growing at a faster rate than the state's health care cost growth benchmark, and contributing to challenges related to health care affordability, medication access, and health disparities among Massachusetts residents.
 - a. What policies or strategies does your organization recommend (e.g., by policymakers and by other market participants such as pharmaceutical manufacturers, health plans, and providers) to provide greater transparency and address the growing cost of prescription drugs in Massachusetts, balancing patient access to needed medications and therapies with the imperative to offer affordable coverage for employers and residents?

At Express Scripts (ESI), we work every day to improve the health of the one in three Americans we serve. For decades, we've taken on one of the toughest challenges in healthcare, negotiating with big pharma to lower the cost of drugs for our clients and more importantly patients. Today, our work has never been more important. From our industry-leading supply chain team to our specialized clinical experts, we're focused on making sure patients get, and are able to stay on, medications they need at prices they can afford.

The Cigna Group recently announced a first-of-its-kind reinvention of the pharmacy benefit. This new Express Scripts pharmacy benefit services model (described in more detail in the response to question #3) is rooted in three core components: lower costs and better experience for consumers, transparent pharmacy benefit services for employers, and support for local pharmacies.

Additionally, ESI employs many strategies aimed at prescription drug access and affordability. Annual savings are achieved through programs such as our National Preferred Formulary, our largest and most sophisticated commercial formulary serving tens of millions of patients, and Safeguard Rx, our first-to-market value based platform which protects plans from healthcare's biggest budgetary threats while promoting health through condition-specific patient engagement tools and cost-containment strategies.

On January 29, 2025, Evernorth Health Services announced new cost and transparency protections for Express Scripts patients which include protections to lower out-of-pocket costs for more patients and improving transparency through new reports for patients and plan sponsors.

To address the unique pressures GLP-1 demand has brought to the entire health care ecosystem, in May 2025, Evernorth Health Services announced the expansion of its suite of GLP-1 solutions to include:

- EncircleRx: a financial guarantee that protects plans from the sharply rising cost curve of GLP-1s and supports patients through a clinically proven lifestyle modification program with behavior change support designed to help them achieve and maintain improved health outcomes.
- EnReachRx: a high-touch patient support clinical model enabled by pharmacies committed to enhanced clinical care for dispensing GLP-1 prescription medications, integrated throughout the patient journey, and backed by optimized drug spend management.
- EnGuide Pharmacy, powered by CHD: a new home delivery pharmacy focused on dispensing GLP-1 drugs, staffed by clinicians with specialized knowledge in GLP-1s who will provide enhanced guidance and education support to patients. Where available, EnGuide Pharmacy will help connect patients to manufacturer copay assistance options they may be eligible to receive.

For people with diabetes or cardiovascular disease, medication is essential. Missing one dose of medication can be dangerous for their health. Nonadherence in patients with chronic conditions, particularly those with diabetes and cardiovascular conditions, can lead to greater medical complications down the line, such as increased hospitalizations and mortality rates. Through our Patient Assurance Program (PAP), we're able to give greater affordability and cost predictability so they can focus on staying healthy. When Express Scripts members are covered by participating health plans and employers, the program will cap out-of-pocket costs for insulin and non-insulin diabetes treatments at \$25 for up to a 34-day supply or \$75 for a 90-day supply. Since the PAP launched in 2020, it has served more than 11 million patients while delivering more than \$275 million in patient savings for diabetes and other medications.

- b. Biologic drugs represent a large and growing share of prescription drug spending in Massachusetts. The introduction of biosimilars has the potential to lower spending and increase access to these medications. Please describe your approach to incorporating biosimilars on your formularies in Massachusetts. In addition, please identify the biosimilar products marketed by your affiliated private labeler and discuss how your private label products are incorporated on your formularies in Massachusetts. What barriers limit biosimilar uptake, and what state policies would you recommend to bolster biosimilar uptake and reduce spending?

As Congress continues to explore bipartisan solutions to address rising drug costs, biosimilars are a key way to expand access, improve affordability, and create much-needed competition in the specialty drug market. In our latest [Pharmacy in Focus report](#), we examine the real-world impact of biosimilars based on Express Scripts claims data and steps needed to further unlock their potential. The stakes are high. One example: Keytruda, a leading cancer immunotherapy with \$29.5 billion in annual sales, is expected to have biosimilar competition by 2028. If Keytruda competition is delayed, it could represent up to \$45.3 billion (based on medical claims data) in missed savings over five years for U.S. employers, a powerful reminder of the urgency to remove barriers that delay biosimilar access.

Key findings from our new report include:

- Biosimilars are reshaping drug spend in inflammatory conditions. Evernorth prescription benefit data shows a dramatic reversal in drug trend, from a 17.1% increase in 2019 to a 1.9% decrease in 2024, driven by a 3.7% drop in unit costs despite increased utilization.
- Humira biosimilars have created \$200 million in savings for the commercial market in just 15 months. During that time, average net costs for Humira dropped by 34.4%. The launch of the high-concentration, citrate-free, interchangeable Humira biosimilars in 2024 marked a turning point in market adoption because – unlike previous Humira biosimilars – it mirrored the formulation most patients were taking. Within months of the high-concentration, citrate-free, interchangeable Humira biosimilar coming to market, the number of biosimilar claims rose from just 4.2% in 1Q 2024 to 52.3% in 1Q 2025.
- In 2024, the per patient, per year savings for biosimilar users reached \$4,505.
- Over the next 10 years, 110 biologics are expected to be eligible for competition when their patent protection expires, representing a significant opportunity for biosimilar savings. At Express Scripts, we have taken decisive action to make existing biosimilars accessible to our patients including:
 - Adding seven Humira biosimilars to our commercial formulary between 2023-2024 and excluding the branded Humira as of Jan. 1, 2025.
 - Enabling \$0 out-of-pocket access to interchangeable biosimilars for Humira and Stelara.
 - Adding Semglee, the first interchangeable insulin biosimilar, to our commercial formulary in 2022.

For years, we have advocated for solutions to curb anticompetitive tactics and loopholes used by drug manufacturers that prevent or delay availability of lower-cost alternatives like biosimilars, including preventing patent thickets and product hopping. Ensuring biosimilars enter the market as intended by Congress creates greater competition that results in lower costs for taxpayers and lower prices for our clients, and most importantly, for patients.

2. Massachusetts now has the highest family health insurance premiums in the United States. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out of pocket spending). This reflects the growth in underlying health care costs. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. Collaborative, urgent action across market participants is needed to reverse these trends. How can your organization contribute to this effort?

Click or tap here to enter text.

As mentioned above, the Cigna Group recently announced a first-of-its-kind reinvention of the pharmacy benefit. We're proud of our decades-long legacy of innovation and driving affordability, but more can be done. Stakeholders have raised questions about the transparency and complexity of pharmacy benefits. We believe this breakthrough new model will help renew trust while addressing market demand. Our new rebate-free pharmacy benefit model aims to lower costs for patients, deliver greater transparency for employers, and increase reimbursements to community pharmacies.

Transparent, Rebate-Free Pharmacy Benefit Services

Express Scripts, The Cigna Group's pharmacy benefit manager (PBM), plans to transition toward a new model available to clients where **discounts negotiated with drug companies will be available upfront to patients buying their medications and transparent to employers providing the benefit**. This new approach cuts out the complex post-purchase rebate process by making the discounted price of the drug readily available and transparent from the start.

- For patients, this means lower costs, particularly for brand-name drugs, as they will directly benefit from the discounts we secure.
- For businesses and other health plans, this means actionable, real-time visibility into their drug costs, improving their ability to support their population and forecast their budgets.

Cigna Healthcare will adopt this model for its fully insured clients beginning in 2027. It is intended to become the standard model available for all Express Scripts clients to select beginning in 2028.

Lower Out-of-Pocket Costs and Improved Experiences for Patients

For decades, we've worked to lower costs by negotiating with drug manufacturers on generic and brand-name medications. For generic drugs – which represent 90% of all prescriptions – PBMs have helped the U.S. achieve the lowest prices in the world. But the cost of brand-name drugs remains out of reach for too many Americans.

We appreciate recent policymaker actions to lower brand-name drug prices, including new direct-to-patient programs. Our new model goes a step further to ensure patients who receive pharmacy

benefits through their employer pay the lowest price available for their medicines while giving them the protection of Express Scripts' clinical safeguards:

- **Patients will pay the lowest cost available for both brand-name and generic drugs – whether it is our negotiated price, their copay, or a cash discount price.** To do that, we leverage technology to automatically compare multiple pricing options and charge the lowest cost at the pharmacy counter. For example, if a drug has a negotiated cost of \$22 (70% off list price), a cash discount cost of \$20, a drug company's "direct-to-consumer" cost of \$50, or a copay of \$25, the customer would pay \$20.
 - In most cases, our negotiated cost is the best, but there are instances where the cash discount cost is lower, particularly for those with high-deductible health plans (HDHPs).
 - We plan to integrate new direct-to-patient programs with this model when they become available to ensure the lowest cost options are always widely available.
 - If patients are prescribed a brand-name drug not covered by their health plan, they will be able to pay our negotiated rate rather than pharma's list price.

For patients who pay the full cost of medications, including those in HDHPs, this new model will reduce their monthly cost for a brand-name prescription by an average of 30%.

Paying Community Pharmacies More

For many Americans, local pharmacies are an essential part of their health care team. To ensure pharmacies can continue to play this critical role, **Express Scripts is adopting a new payment model that compensates pharmacies based on their cost for medications plus a dispensing fee and additional payment for the essential clinical services they provide.** Express Scripts will begin re-contracting with all in-network pharmacies next year to ensure that the reimbursement model is in place by the end of 2026.

This new approach to clinical reimbursement, which emphasizes increased compensation for rural pharmacies, will recognize and reward pharmacies for the broad range of care services they provide. By setting higher quality standards, pharmacies will have the opportunity to earn additional payment for delivering exceptional patient care and achieving improved health outcomes.

Overall, this new transparent and predictable pharmacy benefit services model is designed to help Americans stay healthy and get the medications they need by lowering costs, improving transparency, and supporting local pharmacies so care is always within reach.