PRI CENTER FOR MEDICAL ECONOMICS AND INNOVATION

The Biosimilar Savings Opportunity

A Simple Way for States to Save Up to $1.8 Billion Annually

State employee health plans spend an estimated **$20 billion each year on biologic medicines**—advanced treatments used to treat cancer, autoimmune diseases, rheumatoid arthritis, Crohn's disease, and other serious conditions.

When patents expire, biosimilars can enter the market. Biosimilars are similar to the original biologic medicines and meet the same FDA standards for safety, quality, and effectiveness. Like generic drugs, they create competition that lowers costs.

Biosimilars have already generated more than **$56 billion in savings nationwide**, while helping patients maintain access to the treatments they need. Yet many state employee health plans do not fully prioritize lower-cost biosimilars when available.

A new Pacific Research Institute study finds that increasing biosimilar use in state employee health plans could save taxpayers up to $1.8 billion annually nationwide.

These savings are possible because biosimilars are often priced substantially below their brand-name counterparts—sometimes by 50 percent or more—and their presence in the market often drives down the prices of original biologics.

Prioritizing lower-cost biosimilars is a win-win policy that can save states millions annually without reducing benefits.

Potential Savings for State Employee Health Plans from Prioritizing Biosimilars

52 Percent and 81 Percent Market Share Scenarios

Savings in millions

	ESTIMATED SAVINGS			ESTIMATED SAVINGS			ESTIMATED SAVINGS	
	52% SCENARIO	81% SCENARIO		52% SCENARIO	81% SCENARIO		52% SCENARIO	81% SCENARIO
U.S. excluding DC	**$871.0**	**$1,762.7**	Kentucky	$13.2	$26.6	North Dakota	$1.8	$3.7
Alabama	$16.8	$34.1	Louisiana	$14.9	$30.2	Ohio	$27.3	$55.3
Alaska	$1.3	$2.6	Maine	$3.9	$7.9	Oklahoma	$10.3	$20.9
Arizona	$15.7	$31.9	Maryland	$15.8	$32.0	Oregon	$7.3	$14.8
Arkansas	$8.1	$16.4	Massachusetts	$20.3	$41.1	Pennsylvania	$39.9	$80.9
California	$88.4	$178.9	Michigan	$26.7	$54.1	Rhode Island	$3.7	$7.6
Colorado	$10.0	$20.3	Minnesota	$11.1	$22.6	South Carolina	$14.6	$29.6
Connecticut	$13.1	$26.4	Mississippi	$8.5	$17.1	South Dakota	$1.9	$3.7
Delaware	$3.5	$7.0	Missouri	$17.6	$35.7	Tennessee	$19.5	$39.5
Florida	$64.2	$129.9	Montana	$1.7	$3.5	Texas	$77.4	$156.6
Georgia	$26.9	$54.4	Nebraska	$5.0	$10.2	Utah	$6.8	$13.8
Hawaii	$5.0	$10.1	Nevada	$7.6	$15.3	Vermont	$1.4	$2.8
Idaho	$2.9	$5.8	New Hampshire	$3.6	$7.4	Virginia	$20.5	$41.5
Illinois	$31.7	$64.1	New Jersey	$29.9	$60.5	Washington	$12.4	$25.1
Indiana	$18.2	$36.9	New Mexico	$3.8	$7.6	West Virginia	$6.2	$12.5
Iowa	$6.7	$13.5	New York	$73.5	$148.7	Wisconsin	$12.5	$25.3
Kansas	$5.7	$11.6	North Carolina	$31.0	$62.8	Wyoming	$0.9	$1.8

Download the full study at www.medecon.org