Navigating High-Cost Specialty Drugs in 2025

A GUIDE FOR EMPLOYERS

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In 2025, prescription medication costs are projected to rise by **13.3%**, with specialty drugs driving much of the increase.[1]

While these therapies can dramatically improve employee health, their rising costs are a pressing challenge for employers.

No matter the size of your business, addressing the impact of specialty drug costs is essential for supporting your employees and managing your health care investment.

With smart strategies you can achieve more than cost savings. You can enhance employee health, attract top talent, and build a stronger foundation for long-term business success.

EMPLOYER CHALLENGES: COST VS. DEMAND

Affordability
70% of employers
are very concerned that medications aren't affordable for their employees or their business.[2]

Recruitment and retention
1 in 5 employees
say they'd switch jobs for GLP-1 drug coverage.[3]

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What's driving specialty drug costs?

Specialty drugs typically require special handling or are used to treat chronic or complex conditions.

Their costs are rising due to many factors, from breakthrough therapies replacing lower-cost alternatives to aggressive direct-to-consumer marketing stoking demand. Within this complex landscape, 3 key drivers of specialty drug costs stand out as opportunities for employers to implement smart strategies.

3 key drivers of specialty drug costs

High-cost biologics

Biologics are advanced treatments derived from living cells, designed to treat complex conditions like cancer and arthritis. These therapies are highly effective but come with significant costs, driven by complex production processes, limited competition, and rising demand.

Despite accounting for only 2% of prescriptions, biologics represent 46% of U.S. pharmaceutical spending.[4]

Rising popularity of anti-obesity medications

GLP-1 drugs like Wegovy and Ozempic are reshaping the landscape of obesity and diabetes care.[5] With the surge in headlines about GLP-1s and advertising campaigns in full swing, employers are paying close attention.

The cost — averaging $12,000 to $16,000 per employee annually — poses a challenge for those balancing workforce health priorities against financial constraints.[6]

Unsustainable prescription practices

The growing reliance on specialty drugs is creating significant financial challenges for employers. Prescribing these medications without fully evaluating their cost-effectiveness risks both employee health and financial sustainability.

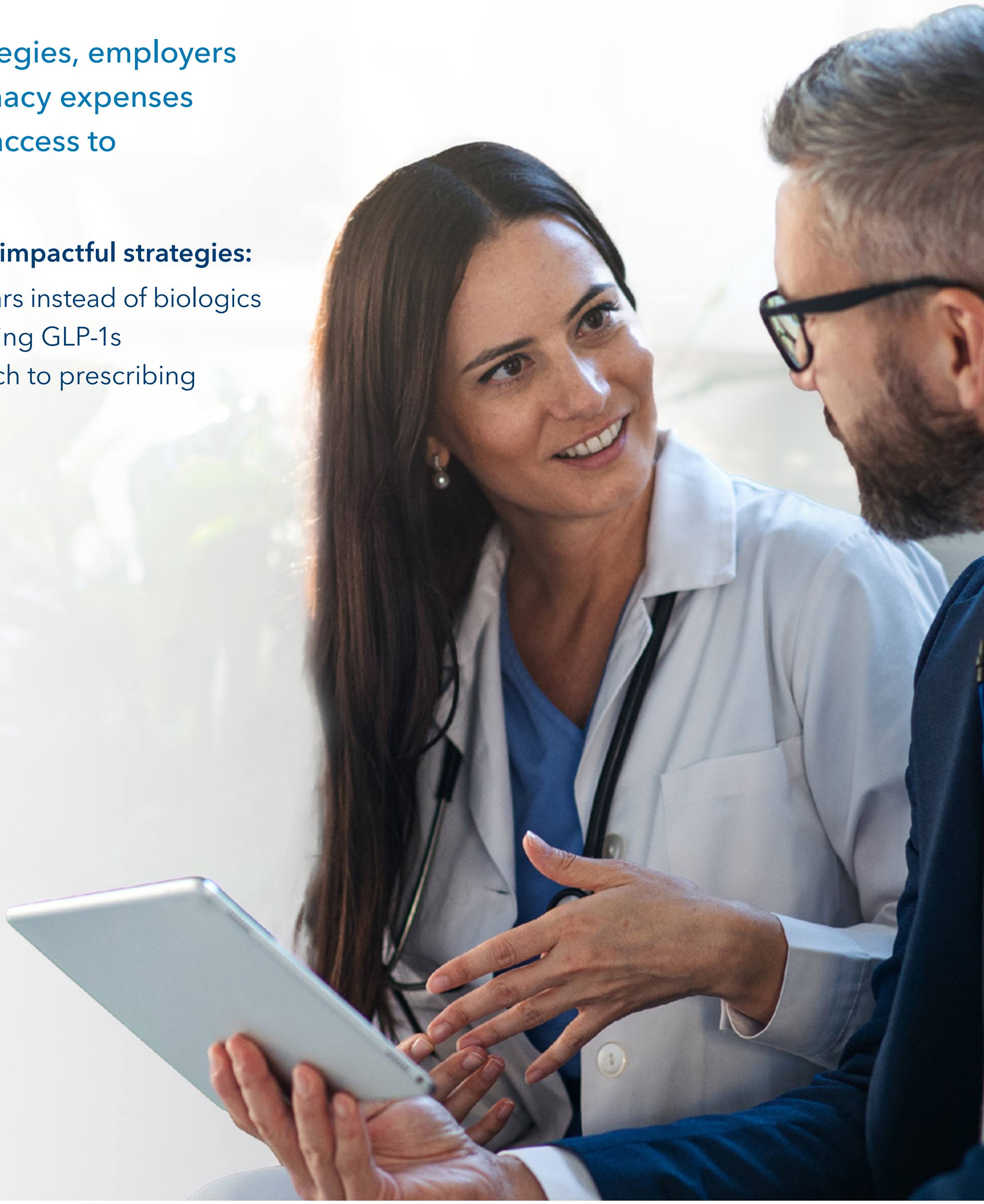
Ultimately, it's essential to strike a sustainable balance — helping ensure access to life-changing therapies while maintaining the ability to afford them.

Strategies to contain costs without sacrificing quality

With the right strategies, employers can manage pharmacy expenses while maintaining access to high-quality care.

This guide explores 3 impactful strategies:

- Leveraging biosimilars instead of biologics
- Strategically managing GLP-1s
- Sustainable approach to prescribing



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Leveraging biosimilars instead of biologics

Biosimilars are near-identical alternatives to biologics that deliver the same safety and effectiveness at a significantly lower cost.[7] To earn FDA approval, they must meet rigorous standards that prove their equivalence to the original biologics.

For employers, the benefits are clear: Biosimilars can lower prescription drug costs and make essential treatments more accessible to your workforce — helping you manage health care expenses while supporting employee health.

Driving savings without compromising care

Biosimilars are, on average, **50% less expensive** than biologics.[8]

Over the past decade, biosimilars have saved **$56 billion in health care costs**, with an additional $181 billion in savings projected by 2028.[9]

How can biosimilars be just as effective as biologics at half the price?

Biosimilars are more affordable because their manufacturers build on the FDA's established findings that the original biologics are safe and effective. This streamlined process reduces research and development costs, allowing for lower pricing without compromising safety or quality.

EMPLOYER ACTION PLAN

1. **Advocate for biosimilars**
   Work with your health care partner to prioritize biosimilars in their formulary.
2. **Leverage data for insights**
   Ask your health care partner to analyze utilization reports, identify candidates for biosimilars, and provide an estimate of potential cost savings.
3. **Optimize your budget**
   Redirect savings from biosimilars to fund high-impact benefits that enhance employee well-being and support workforce retention.

Strategically managing GLP-1s

GLP-1s are a class of medications used to treat type 2 diabetes and obesity. Popular GLP-1s have shown promising results for weight loss and potential benefits in reducing chronic disease risks. However, their long-term effects remain uncertain, and their sky-high price tags pose significant challenges for employers.

Adding to the complexity, employees are increasingly viewing GLP-1s as a must-have benefit. This puts pressure on business leaders to weigh the costs and benefits to decide when – and how – to provide coverage. A thoughtful, strategic approach can help navigate this challenge.

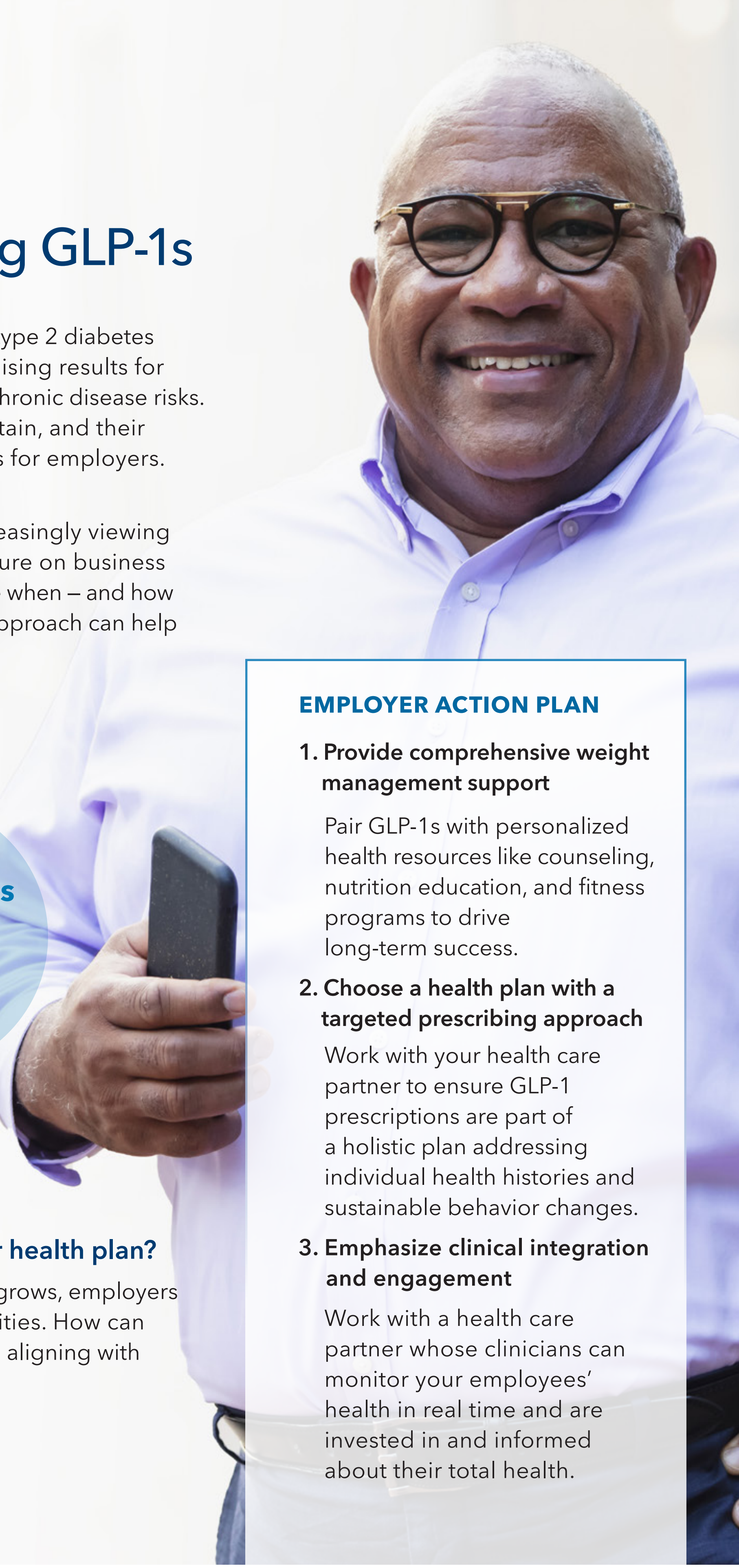
Understand what's driving demand

62% of adults who have taken GLP-1s say they took them to treat a chronic condition including diabetes or heart disease.[10]

4 in 10 adults say they took GLP-1s primarily to lose weight.[11]

Are GLP-1s a sustainable addition to your health plan?

As demand for GLP-1 coverage for weight loss grows, employers must balance rising expectations with cost realities. How can your organization harness their potential while aligning with long-term business goals?



EMPLOYER ACTION PLAN

1. **Provide comprehensive weight management support**

   Pair GLP-1s with personalized health resources like counseling, nutrition education, and fitness programs to drive long-term success.

2. **Choose a health plan with a targeted prescribing approach**

   Work with your health care partner to ensure GLP-1 prescriptions are part of a holistic plan addressing individual health histories and sustainable behavior changes.

3. **Emphasize clinical integration and engagement**

   Work with a health care partner whose clinicians can monitor your employees' health in real time and are invested in and informed about their total health.

Sustainable approach to prescribing

As specialty drug costs continue to rise, employers face the challenge of balancing financial sustainability with providing employees access to transformative treatments.

By adopting a value-based care model and leveraging evidence-based prescribing strategies, employers can help ensure high-cost therapies reach those who will benefit most.

Rethinking specialty drug costs for long-term value

Specialty drugs account for over 50% of prescription drug costs, but **targeted use can deliver lasting benefits.**

Gene and cell therapies, including those for cancer, have demonstrated one-time, high-cost solutions that may drive **substantial savings and improve quality of life.**

EMPLOYER ACTION PLAN

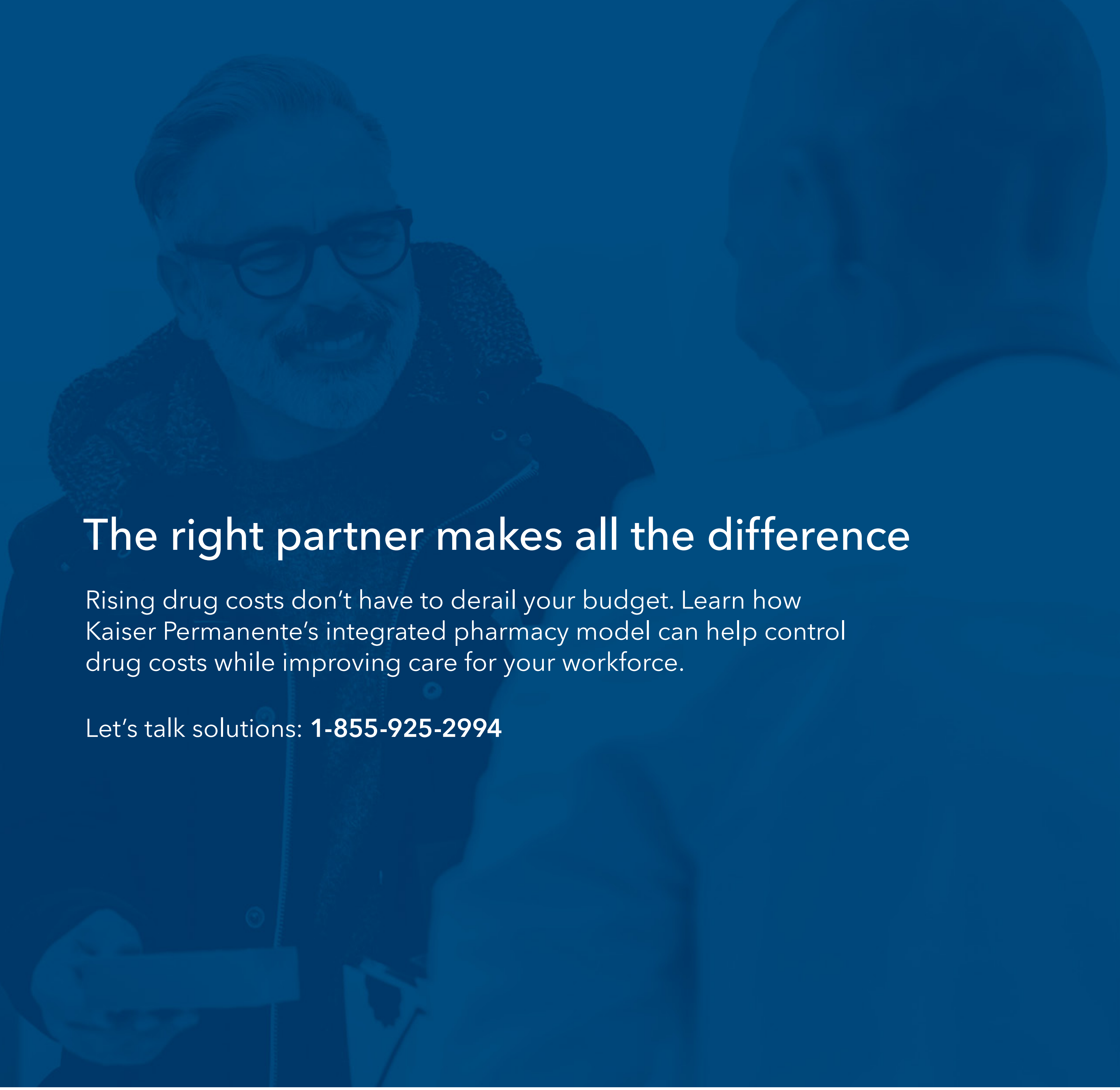
1. **Prioritize value-based care**
   Partner with health care providers focused on quality of outcomes – not quantity of services.
2. **Leverage data insights**
   Collaborate with your provider to analyze prescribing patterns and identify opportunities for better cost management.
3. **Reevaluate PBMs (Pharmacy Benefits Managers)**
   Opt for integrated pharmacy management to avoid the hidden fees and misaligned incentives of traditional PBMs.

For example, Hemgenix is a one-time gene therapy designed for patients with hemophilia B.[12] Its upfront cost is high, but it eliminates the need for ongoing, expensive treatments that would surpass $3.9 million in just five years.[13]

1x cost of Hemgenix gene therapy: **$3.5M**

vs.

5-year cost of annual ongoing treatment: **>$3.9M**



The right partner makes all the difference

Rising drug costs don't have to derail your budget. Learn how Kaiser Permanente's integrated pharmacy model can help control drug costs while improving care for your workforce.

Let's talk solutions: **1-855-925-2994**

1. "What Are the Projected Health Plan Cost Trends for 2025?", *2025 Segal Health Plan Cost Trend Survey*. **2.** Business Group on Health, *2025 Employer Health Care Strategy Survey*, August 2024. **3.** "Covering Weight Loss Medications in 2024 — What Employers Need to Know," 9amHealth Survey, December 2023. **4.** "Biosimilars in the United States 2023–2027," The IQVIA Institute for Human Data Science, January 31, 2023. **5.** Kaiser Permanente does not endorse the medications or products mentioned. Any trade names listed are for easy identification only. **6.** Mozaffarian, "GLP-1 Agonists for Obesity—A New Recipe for Success?," *JAMA*, 2024. **7.** "Biosimilars: What Patients Need To Know," U.S. Food & Drug Administration. **8.** "The U.S. Generic & Biosimilar Medicines Savings Report: September 2022," Association for Accessible Medicines, September 2022. **9.** See note 4. **10.** Montero et al., "KFF Health Tracking Poll – May 2024: The Public's Use and Views of GLP-1 Drugs," *KFF*, 2024. **11.** See note 9. **12.** See note 5. **13.** Burke et al., "Clinical, Humanistic, and Economic Burden of Severe Hemophilia B in the United States: Results from the CHESS US and CHESS US+ Population Surveys," *Orphanet Journal of Rare Diseases*, March 20, 2021.

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