

# PNC PHARMA & LIFE SCIENCES

## Monthly News Brief

April 2024

### **Top 15 U.S. Pharmacies of 2023: Market Shares and Revenues at the Biggest Chains and PBMs** *(Drug Channels)*

U.S. prescription drug dispensing revenues reached \$621B in 2023, driven by accelerating GLP-1 prescriptions and an expanding post-pandemic market. The top seven pharmacies accounted for 67% and the top 15 pharmacies accounted for ~75% of total U.S. dispensing revenues from retail, mail, long-term care, and specialty pharmacies. Five of the largest pharmacies were central fill mail and specialty pharmacies owned by vertically integrated organizations that also own a pharmacy benefit manager (PBM)

### **Top PBMs of 2023: Market Share and Trends for the Biggest Companies and What's Ahead** *(Drug Channels)*

For 2023, nearly 80% of all equivalent prescription claims were processed by three PBMs: the Caremark business of CVS Health, the Express Scripts business of Cigna, and the Optum Rx business of UnitedHealth Group. This concentration reflects the significant transactions and business relationships among the largest PBMs that have further concentrated market share. Five of the six largest PBMs are now owned by vertically integrated organizations that also own insurers, specialty pharmacies, and providers

### **Top 15 Specialty Pharmacies of 2023: Market Shares and Revenues at the PBMs, Health Plans, and Independents** *(Drug Channels)*

For 2023, U.S. prescription dispensing revenues from specialty pharmaceuticals reached \$243 billion accounting for nearly 40% of the pharmacy industry's prescription revenues. Hospitals and health systems have emerged as the fastest-growing participants in the specialty pharmacy market accounting for one out of four accredited specialty pharmacies. Hospital-owned pharmacies can generate significant profits by participating directly in the 340B Drug Pricing Program. In response to changes in manufacturers' policies regarding external contract pharmacies, hospitals continue to build in-house specialty pharmacy operations. Specialty pharmacies owned by the three largest pharmacy benefit managers (PBMs) accounted for two-thirds of prescription revenues from pharmacy-dispensed specialty drugs

### **Bristol Myers to Cut 6% of Workforce, Trim Drug Pipeline** *(BioPharma Dive)*

Bristol Myers will cut 6% of its workforce in a restructuring meant to save \$1.5B in costs by the end of next year. Upcoming patent expirations of its 3 top-selling drugs and anticipated impact of IRA Medicare pricing negotiations on Eliquis led to expense reductions. The layoffs will affect some 2,200 employees, and it's also trimming its pipeline of experimental medicines, consolidating its array of offices and laboratories and reducing "third party" spending

### **FDA Finalizes Lab Developed Test Rule Despite Industry Opposition** *(MedTech Dive)*

The FDA released a final rule strengthening its authority over laboratory developed tests (LDTs), advancing a policy that has drawn fierce opposition from healthcare industry groups. The rule amends agency regulations to make explicit that in vitro diagnostics (IVD) are medical devices under oversight of the Federal Food, Drug and Cosmetic Act, including when the manufacturer of the IVD is a laboratory. The FDA asserts the risks associated with LDTs have increased as the tests have become more complex and widely used, necessitating greater scrutiny to ensure their accuracy and safeguard patients

### **J&J to Acquire Shockwave Medical for \$13.1B** *(MedTech Dive)*

Johnson & Johnson (J&J) to acquire Shockwave Medical for ~\$13.1B to expand its "cardiovascular portfolio into two of the highest-growth, innovation-oriented segments of cardiovascular intervention – coronary artery disease and peripheral artery disease." Shockwave makes medical devices that break up calcium deposits in coronary arteries using sound pressure waves, a technique called intravascular lithotripsy (IVL). J&J plans to fund the transaction through cash on hand and debt and expects the deal to be operationally accretive upon closing, but anticipates dilution to adjusted earnings through 2025

### **EPA Final Rule Limits EtO Emissions for Medical Device Sterilizers** *(MedTech Dive)*

The EPA released its final rule setting new emissions standards for ethylene oxide (EtO), a carcinogenic chemical used to sterilize ~50% of medical devices in the U.S. which is tens of billions of medical devices every year. The agency expects the changes to reduce EtO emissions from commercial sterilizers by more than 90% and reduce people's lifetime cancer risk who live near sterilization facilities. Medical device sterilizers now have two to three years to meet the new emissions requirements

### **Philips Restricted from Selling Respiratory Machines in DOJ Consent Decree** *(MedTech Dive)*

The DOJ filed a consent decree of permanent injunction against Philips in response to the company's ongoing recall of sleep apnea and respiratory devices. The settlement would restrict Philips from producing or selling new continuous positive airway pressure (CPAP) and bi-level positive airway pressure (BiPAP) machines and other devices in the U.S. until the company meets certain requirements. Philips began its recall of respiratory devices in June 2021, after the company found that foam used to soundproof the devices could break down and be inhaled by users, causing health risks. The recall now encompasses more than 15MM devices

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