



Mail-Service and Specialty Pharmacies Will Generate More than \$274 Billion in Savings Over the Next 10 Years

Executive Summary

In 2023, outpatient prescription drug expenditures are projected to total \$398 billion annually.¹ Utilizing advanced tools, pharmacy benefit companies are expected to save more than \$1 trillion dollars from 2023 to 2032.² In addition to securing savings, pharmacy benefit companies are working every day to facilitate access to quality prescription drug coverage for patients and better health outcomes. Offering more affordable pharmacy channels are a pharmacy benefit company tool that typically gives patients and health plan sponsors—employers, labor unions, government programs, for example—deeper discounts than through the traditional retail pharmacy channel. Over the next 10 years, the use of mail-service and specialty pharmacies is expected to save patients and plan sponsors over \$274 billion.

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Specialty Pharmacies Save \$250 Billion

Specialty medications constitute approximately 50% of all prescription drug expenditures, despite accounting for less than 2% of total prescription volume.³ Approximately half of all specialty expenditures are dispensed directly to the patient and paid through the pharmacy benefit and the other half are paid through the medical benefit (i.e., they are delivered in and billed by physicians' offices, clinics, hospitals).⁴

Pharmacy benefit companies manage the cost of specialty medications by negotiating price concessions from manufacturers (passing nearly all of the savings directly to the employer, labor union, or other plan sponsor), dispensing medication directly to the physician's office, hospital, or clinic for administration (known as "white-bagging"), and implementing utilization management tools such as clinically based formularies, tiered cost sharing, prior authorization, and step therapy. One analysis showed the average discounts at specialty pharmacies to be three points better than the average discounts at retail.⁵ Using these cost reduction tools and encouraging the use of specialty pharmacies, pharmacy benefit companies are projected to generate **more than \$250 billion in savings on specialty medications over the next 10 years.**



Mail-Order Pharmacies Save \$23.5 Billion

Prescriptions filled through mail-order service make up approximately 14% of traditional drug spend.⁶ A recent report estimates the median discount on brand drugs filled through mail-order is 4-7 percentage points better than the discount achieved through retail drug stores.⁷ Estimates show savings from mail-service pharmacies can be up to 1.2% of total expenditures for plans with full use of mail service. Assuming a savings range with a normal distribution of 0% to 1%, it is estimated an average mail-service savings of 0.5% on overall drug costs relative to expenditures without mail-service pharmacies.⁸ **Over the next 10 years, savings from mail-order pharmacies are projected to be over \$23.5 billion.**

Conclusion

From 2023–2032, the use of specialty and mail-order pharmacies are projected to save:

- » Plan sponsors and patients more than \$274 billion;
- » Commercial plan sponsors and their members more than \$169 billion;
- » Medicare Part D and its beneficiaries more than \$72 billion; and
- » Managed Medicaid plans more than \$32.5 billion.

From 2023–2032, the use of specialty and mail-order pharmacies are projected to save plan sponsors and patients more than \$274 billion.

1 Centers for Medicare & Medicaid Services, [National Health Expenditure Data](#).

2 Visante, "[Pharmacy Benefit Managers \(PBMs\): Generating Savings for Plan Sponsors and Consumers](#)," January 2023.

3 Drug Channels Institute "[2022 Economic Report on Pharmacies and Pharmacy Benefit Managers](#)," March 2022.

4 Visante, "[Pharmacy Benefit Managers \(PBMs\): Generating Savings for Plan Sponsors and Consumers](#)," January 2023.

5 Ibid.

6 IMS Health, Channel Distribution by Non-Discounted Spending.

7 Visante, "[Pharmacy Benefit Managers \(PBMs\): Generating Savings for Plan Sponsors and Consumers](#)," January 2023.

8 Ibid.

Ten-Year Mail/Specialty Pharmacy Savings by State

Based on projected drug expenditures 2023–32 (millions)

State	Mail-Service Pharmacy Savings	Specialty Pharmacy Savings (Rx Benefit)	Specialty Pharmacy Savings (Med Benefit/White Bagging)	Total Savings
US Total	\$23,582	\$142,670	\$108,013	\$274,264
Alabama	\$343	\$2,077	\$1,430	\$3,851
Alaska	\$34	\$203	\$164	\$401
Arizona	\$523	\$3,164	\$2,476	\$6,163
Arkansas	\$194	\$1,172	\$777	\$2,143
California	\$2,542	\$15,376	\$12,286	\$30,204
Colorado	\$349	\$2,112	\$1,601	\$4,062
Connecticut	\$249	\$1,508	\$1,051	\$2,808
Delaware	\$80	\$484	\$256	\$819
District of Columbia	\$37	\$222	\$226	\$484
Florida	\$1,649	\$9,975	\$6,918	\$18,542
Georgia	\$691	\$4,179	\$3,328	\$8,197
Hawaii	\$108	\$652	\$515	\$1,275
Idaho	\$122	\$741	\$508	\$1,371
Illinois	\$936	\$5,665	\$4,617	\$11,218
Indiana	\$496	\$2,998	\$2,240	\$5,733
Iowa	\$255	\$1,545	\$1,166	\$2,965
Kansas	\$222	\$1,341	\$1,090	\$2,653
Kentucky	\$350	\$2,120	\$1,486	\$3,957
Louisiana	\$335	\$2,024	\$1,545	\$3,904
Maine	\$103	\$623	\$373	\$1,099
Maryland	\$414	\$2,503	\$2,117	\$5,033
Massachusetts	\$527	\$3,189	\$2,456	\$6,173
Michigan	\$780	\$4,718	\$2,943	\$8,442
Minnesota	\$447	\$2,704	\$2,107	\$5,258
Mississippi	\$212	\$1,282	\$974	\$2,467
Missouri	\$425	\$2,568	\$1,883	\$4,876
Montana	\$70	\$423	\$281	\$774
Nebraska	\$149	\$899	\$733	\$1,781
Nevada	\$204	\$1,235	\$983	\$2,422
New Hampshire	\$113	\$685	\$505	\$1,302
New Jersey	\$717	\$4,337	\$3,255	\$8,309
New Mexico	\$149	\$902	\$657	\$1,709
New York	\$1,488	\$9,005	\$6,842	\$17,336
North Carolina	\$696	\$4,213	\$3,045	\$7,954
North Dakota	\$57	\$342	\$271	\$670
Ohio	\$937	\$5,669	\$4,069	\$10,675
Oklahoma	\$220	\$1,334	\$1,068	\$2,622
Oregon	\$320	\$1,934	\$1,440	\$3,693
Pennsylvania	\$1,055	\$6,380	\$4,574	\$12,009
Rhode Island	\$87	\$527	\$384	\$998
South Carolina	\$385	\$2,328	\$1,672	\$4,384
South Dakota	\$66	\$397	\$275	\$737
Tennessee	\$468	\$2,831	\$1,942	\$5,241
Texas	\$1,949	\$11,793	\$9,723	\$23,465
Utah	\$224	\$1,354	\$1,228	\$2,806
Vermont	\$46	\$277	\$171	\$494
Virginia	\$616	\$3,729	\$3,147	\$7,492
Washington	\$562	\$3,401	\$2,809	\$6,773
West Virginia	\$119	\$722	\$430	\$1,271
Wisconsin	\$425	\$2,573	\$1,779	\$4,778
Wyoming	\$39	\$236	\$194	\$470

Estimated average use of mail/specialty pharmacy vs 100% retail pharmacy, plus savings from white bagging

ABOUT PCMA

PCMA is the national association representing America's pharmacy benefit companies. Pharmacy benefit companies are working every day to secure savings, enable better health outcomes, and support access to quality prescription drug coverage for more than 275 million patients. Learn more at www.pcmanet.org.

