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Coherus works with Mark Cuban to sell biosimilar Humira at steep discounts

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By Ed Silverman[2] [3] June 1, 2023

Aram Boghosian for STAT

In a bold move, Coherus BioSciences plans to sell a biosimilar version of Humira[5] — one of the world's best-selling medicines — at a steep discount, and will work with Mark Cuban's generic drug company to make the medicine available directly to consumers for even less.

Specifically, the Coherus medicine will carry a $995 list price for a carton of two autoinjectors, an 85% discount from the $6,922 that AbbVie charges for Humira, which is used to treat rheumatoid arthritis and other

conditions. At the same time, Coherus will sell its drug at a discount to the Mark Cuban Cost Plus Drug Company, which will market the treatment for about $579.

The lowball pricing for the drug, which will become available in July, has the potential to alter one of the most closely watched product rollouts by pharmaceutical companies in many years. After enjoying a monopoly that yielded billions of dollars in annual sales, AbbVie is expected to face at least eight biosimilar rivals[6] to Humira by the end of the year.

In explaining the strategy, Coherus chief executive officer Denny Lanfear argued there is a large, unmet need for affordable alternatives for the more than 300,000 patients in the U.S. who take Humira each year. “There are people in this market who can’t afford these drugs,” he told us. The average cash price for Humira those without insurance is around $6,240, according to Drugs.com.

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Biosimilars are nearly identical variants of brand-name biologic medicines that yield the same health outcomes but at a lower cost and, therefore, are expected to save the health care system money. Biosimilars were forecast to save $38.4 billion, or nearly 6%, of projected spending on biologics from 2021 to 2025, according a study[9] last year in the American Journal of Managed Care.

It has taken several years, though, for biosimilar versions of Humira to become available. Although a key patent on the AbbVie drug expired in 2016, the company filed dozens of patents[10] that made it daunting for would-be rivals to launch their own drugs. All of these companies eventually settled patent litigation[11] that delayed biosimilar launches — and any potential savings — until this year.

With so many knockoff versions of Humira now on deck, anticipation is building about how much less they will cost. But the expected savings have been uncertain, since most of the other pharmaceutical companies have not disclosed pricing plans. And many payers signaled they would continue to cover Humira along with one or more biosimilars.

By selling its drug at such low prices, however, Coherus hopes to bypass pharmacy benefit managers[13], the key middlemen that help establish insurance coverage but are often blamed for raising costs. These companies develop formularies, or lists of medicines, that are covered by health plans and employers. But they also extract rebates from drug companies that are cited as contributing to higher prices.

By working with the Mark Cuban Cost Plus Drug Company, Coherus is trying yet another end run. Since starting his company two years ago, Cuban has moved quickly to disrupt distribution channels by selling a growing number of drugs for cash and only at a slight markup above his cost. Most of the drugs sold by the company are lower-cost generics, but Cuban has since started to market[14] brand-name medicines.

The Coherus move may spark a “price war that will scramble” the market for biosimilar versions of Humira, according to Adam Fein, who heads the Drug Channels Institute, a research firm that tracks the pharmaceutical supply chain. He predicts it will be harder for pharmacy benefit managers

to control pricing and access, and that other drug companies may be forced to try similarly novel pricing strategies.

Typically, pharmaceutical companies sell biosimilar versions of brand-name medicines at a 15% to 30% discount off the list price. However, Coherus is traveling down a pricing path that more closely resembles what occurs when many brand-name pills lose patent protection, and generic manufacturers begin selling their knock-off versions at substantial discounts that can approach 80% or more.

By contrast, Amgen recently began selling[15] a biosimilar version of Humira to pharmacy benefit managers at two different rebates — 5% and 55% off the price charged by AbbVie. But a big rebate off the list price means less money for pharmacy benefit managers to pass along to insurers while also capturing their own fees. So the 5% discount is likely to be more popular with payers.

As a result, some patients may not benefit.

In effect, this scenario underscores what some say is a broken system in which additional competition fails to sufficiently lower costs. For this reason, it remains unclear whether enough pharmacy benefit managers will embrace the Coherus biosimilar, according to Antonio Ciaccia, who heads 3 Axis Advisors, a consulting firm that tracks prescription drug pricing.

“In a rebate-driven world, it’s a race to the top,” he explained.

But Coherus is betting its low price will be too hard for many payers to ignore. By the time the company launches its drug in July, Chris Slavinsky, the chief business and legal officer, hopes to have lined up numerous specialty pharmacies, health plans, and other commercial payers as

customers. “Our goal is to be on those plans as low-priced options,” he told us.

One expert agreed. “This is a bold move,” said Steven Horvitz, managing director of EMC Analytics Group, a pharmaceutical research firm. “I think payers will poop.”

Indeed, self-insured employers are likely to find the Coherus pricing enticing, according to Madelaine Feldman, who is vice president for advocacy and government affairs at the Coalition of State Rheumatology Organizations.

“This should be a boon to the self-insured employers — if their pharmacy benefit manager or other third party administrator is truly interested in getting the employer the best price, not the [drug] that makes them the most money,” she told us. “I will be curious to see if the pharmacy benefit managers are shamed into putting [the Coherus biosimilar] on their formularies.”

Meanwhile, for patients who are struggling to afford Humira due to poor insurance coverage and high out-of-pocket costs, the Coherus drug should be welcomed, said Ciaccia. But an open question is how many people who lack sufficient insurance coverage can afford to pay $579 a month out of their own pockets.

The price is “amazing,” said Feldman, who is also a practicing rheumatologist. “But I don’t know many people that can afford that.”

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