

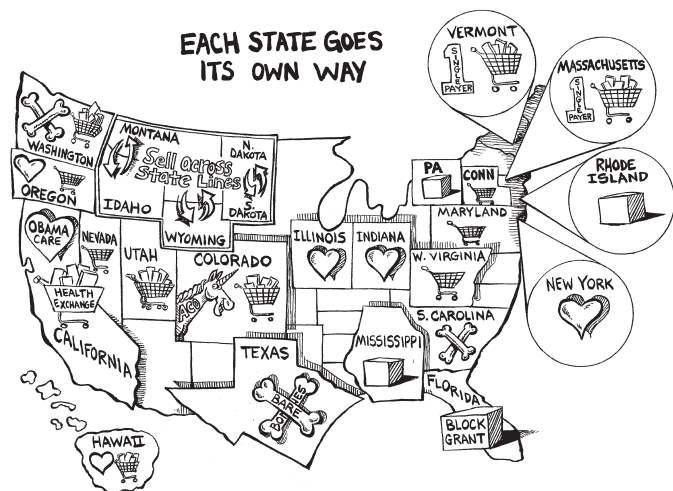
Future Scenarios—Fall 2011

Employers Polarize and Widen the Gulf Between "Haves" and "Have Nots"



- Majority of employers eliminate health care coverage for employees by 2020; only employers with highly skilled workers or strong unions maintain benefits
- Pre-65 retirees flounder in the open market
- Pharma forced to pay aggressive rebates as cost-sensitive, low-budget plans proliferate; pharma budgets, staff and sales forces are slashed

Supreme Court Eliminates the Individual Mandate, Altering Health Care State by State



- Individual mandate overturned in Supreme Court
- Numerous diverse state health plans replace ObamaCare
- Pharma reorients strategies, pricing, programs, account managers, sales forces, support staff and resources around individual states

Managed Markets
& National
Accounts Service

About HIRC

Health Industries Research Center (HIRC) conducts strategic market research on trends in health care, pharmaceuticals, and managed care businesses.



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Backlash Against the Tea Party Puts Nation on the Path Toward "Medicare for All"



- Democratic sweep in 2012
- New taxes expand government programs, though with significant costs constraints
- Massive influx of new patients into Medicare, Medicaid and State Exchanges, again with cost constraints
- Pharma firms invest heavily in CER, MSLs and health economics to bolster brands and gain access
- Medicare, Medicaid, State Exchanges and VA evolve toward federal and regional control

HIRC Expected Scenario

HIRC's scenario analysis suggests the emergence of five key trends that transcend health care reform and have significant effects on pharma including: substantial increase in the government's share of Rx purchases; growth in low-cost health plans and resulting Rx cost-sensitivity; increased focus among all payers on quality, CER and outcomes; increased competition for and scrutiny of specialty products; and growth in preventive care.

Report Methodology and Availability

HIRC's researchers develop strategic scenarios exploring potential market dynamics, playing each scenario out to the best-case/worst-case level to encourage blue-sky thinking and consideration of major changes in assumptions. The HIRC Expected Scenario outlines the events we believe are most likely to occur in the coming five years and the strategies HIRC recommends manufacturers undertake to address the changing marketplace. The complete findings are available in Chapter IV (Future Scenarios) of the Fall 2011 Managed Markets and National Accounts report, which is available online to subscribers at www.hirc.com

About HIRC's Managed Markets & National Accounts Service

Managed Markets and National Accounts is the most comprehensive research service available to help pharmaceutical firms assess performance and stay abreast of trends within a multitude of managed care, government and institutional markets. Surveys and interviews conducted with:

- *Health Plan Pharmacy Dir.*
- *Health Plan Medical Dir.*
- *PBMs*
- *Medicare PDPs*
- *Medicaid MCOs*
- *State Medicaid Directors*
- *Specialty Pharmacies*
- *LTC Consultant Pharmacists*
- *Hospital Pharmacists*
- *Retail Drug Chains*

Key reports include:

- *Ratings of Manufacturers on Contracting & Programs*
- *Customer Needs Assessment*
- *Pharma's Ratings of Customers*
- *Market Segment Situation Analyses*
- *Future Scenarios*
- *Headcounts & Organizations*

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