

# PBM Research—Spring 2011



## Managed Markets & National Accounts Service

### PBMs Seeing Shift Toward Coinsurance for Specialty Copays

PBM executives report in interviews that controlling the cost of specialty pharmaceuticals is one of their greatest challenges, and indicate that many specialty copays are moving toward coinsurance. PBMs report copay cards for specialty products are rampant, with one panelist noting that copay cards allow for greater cost-shifting to the patient since payers know the copay will be covered by pharma.

PBMs indicate that manufacturer rebates for specialty products tend to be in the single digits. PBMs are highly successful in moving share in RA and a few other categories, primarily utilizing prior auth, step-edits, copay differentials and limited distribution. Other than PA for labeling, almost no efforts are underway to manage oncolytics.

### PBMs Still Seeking Manufacturer Support for Appropriate Drug Use

PBMs continue to voice strong interest in manufacturer support for appropriate drug utilization. In fact, support for two specific aspects of appropriate drug use are rated highest in interest by PBMs, among all manufacturer programs/resources:

- Support for Step-Therapy and Generics-First Protocols
- Support for Appropriate Diagnosis and Indications

Although PBMs report a modest level of manufacturer programs/resources supporting appropriate diagnosis and indications, support for step-therapy and generics-first protocols is quite low.

#### Top Manufacturer Programs/Resources of Interest to PBMs

Support for Step-Therapy & Generics-First Protocols

Support for Appropriate Diagnosis & Indications

Trend Reports

#### About HIRC

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



## HIRC

519 Seabright Ave, Suite 211  
Santa Cruz, CA 95062

[www.hirc.com](http://www.hirc.com)

## Acceptance of Closed Formularies Growing Among PBMs' Clients

Due to the job environment, acceptance of closed formularies--and even controversial closed networks--is growing among PBMs' increasingly cost sensitive clients, particularly employers and unions. PBMs report union clients are more likely to embrace generics and other formulary restrictions, and that employers are more willing to, *"Put up with any noise... associated with a change in benefit design."*

To better manage costs, some benefit designs have added up to five tiers while others are cutting back to two tiers: *"One's a generic, one's a preferred, and if it's not on that list it's not covered, unless you jump through 30 hoops."*

## Novartis Rated Best in Contracting; Pfizer Tops in Programs/Resources

PBM executives rated Novartis highest in flexibility in negotiating contracts. Novartis is noted for their creativity and for coming up *"with deals that make sense to payers."*

Pfizer was rated highest on value of programs and resources, and is cited for the great *"breadth and width"* of their program choices and materials for MDs, pharmacists and consumers.

Novartis was selected most often as PBMs' "Partner of Choice", and was tied with Gilead for most Best Account Manager nominations.

Top Manufacturers — PBMs			
Best in Contracting	Best in Programs/ Resources	Partner of Choice	Best Account Managers
Novartis	Pfizer	Novartis	Novartis/Gilead

## Report Methodology and Availability

HIRC's PBM research was conducted in the first quarter of 2011 through a combination of 13 surveys and 9 in-depth interviews with Pharmacy Directors and Senior Executives from key commercial PBMs. The complete findings are outlined in Chapter VI of the Spring Managed Markets & National Accounts Handbook, which is available to subscribers at [www.hirc.com](http://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*

## Contact Information

Dorothy Hess  
VP, MMNA Research  
215.517.6860  
[dhess@hirc.com](mailto:dhess@hirc.com)