



Commercial Health Plans: Contracting Landscape and Manufacturer Competitive Positioning

As the industry evolves and consolidates, a robust contracting strategy and program/resource offerings are critical to maintaining market access. HIRC's report, *Commercial Health Plans: Contracting Landscape and Manufacturer Competitive Positioning*, reviews health plan pharmacy and medical directors' evaluation of manufacturers, and focuses on trends in contracting. The report addresses the following questions:

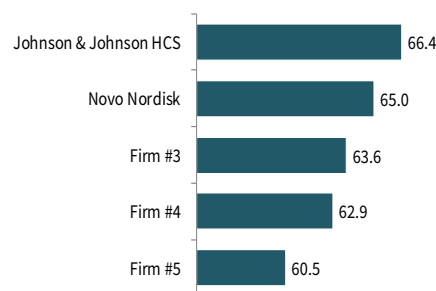
- Which manufacturers lead in pharmacy and medical directors' evaluation of willingness to contract?
- What level of rebates/discounts are manufacturers offering for formulary access across therapeutic areas?
- Which contract types are most commonly offered? What are the headwinds and tailwinds of risk/outcomes and indication-based contracts?
- Which manufacturers are most often nominated as plans' overall "Partner of Choice"?
- What types of programs and resources are commercial plans' most interested in?

Key Finding: Flat access rebates tied to preferred position is the most frequently available contract type offered to commercial health plans across traditional, specialty, and oncology products.

Johnson & Johnson HCS and Novo Nordisk Rate Highest in Willingness to Contract

Respondents were asked to consider and rate 42 very large, large, and mid-size pharmaceutical firms on their overall willingness to contract. Commercial health plans report that Johnson & Johnson HCS is the most willing to contract, followed by Novo Nordisk. Top firms are noted for their proactivity and flexibility in negotiations, array of contract types offered across therapeutic areas, and overall ease of the contracting process.

LEADING MANUFACTURERS IN WILLINGNESS TO CONTRACT

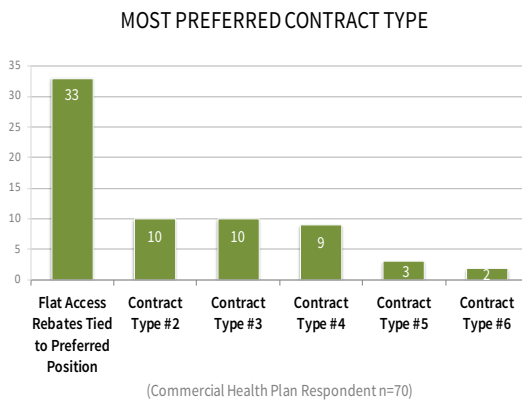


(Commercial Health Plan Respondents n=70)

The full report provides a detailed list of all 42 manufacturers in willingness to contract ratings.

Flat Access Rebates Tied to Preferred Position is Plans' Most Preferred Contract Type

When asked to select one of seven contract types as most preferred, 49% of commercial health plan respondents chose flat access rebates tied to preferred position. An in-depth analysis of factors driving most preferred contract type nominations reveal that flat access rebates tied to preferred position arrangements are preferred due to ease of administration and operationalization, predictability, and because they allow for maximum savings.



The Managed Markets Service provides strategic and tactical information, including customers' assessments of manufacturers' contracting and resources within four commercial and government market segments; market landscape trends and activity influencing the availability, price, and utilization of pharmaceuticals; managed markets headcounts and organizational trends based on confidential data from industry leading pharmaceutical companies; and the access and partnership landscape of key accounts.

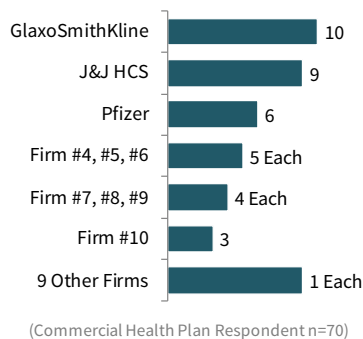


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GlaxoSmithKline and Johnson & Johnson HCS Receive the Most "Partner of Choice" Nominations

GlaxoSmithKline is most frequently nominated as the commercial health plan partner of choice, followed closely by Johnson & Johnson HCS and Pfizer. The primary factors driving partner of choice nominations include a firm's ability to demonstrate an understanding of plan's business needs and providing relevant resources, and the quality of account management support/personnel.

MANUFACTURER PARTNER OF CHOICE NOMINATIONS



Research Methodology and Report Availability

In December 2017 and January 2018, HIRC surveyed 70 commercial health plan pharmacy and medical directors from national, regional, and BCBS plans. Online surveys and follow-up telephone interviews were used to gather information. The complete report, *Commercial Health Plans: Contracting Landscape and Manufacturer Competitive Positioning*, is available now to HIRC's Managed Markets subscribers at www.hirc.com.

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HEALTH INDUSTRIES RESEARCH CENTER (HIRC) is an independent, nonpartisan organization that conducts strategic market research on trends in health care, pharmaceuticals and managed care businesses. HIRC's benchmark studies focus on the marketing needs of pharmaceutical companies by providing research critical to the development of successful customer-focused marketing strategies.

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