



## Managed Markets & National Accounts

### Pharmacy Benefit Managers: Market Landscape and Strategic Imperatives

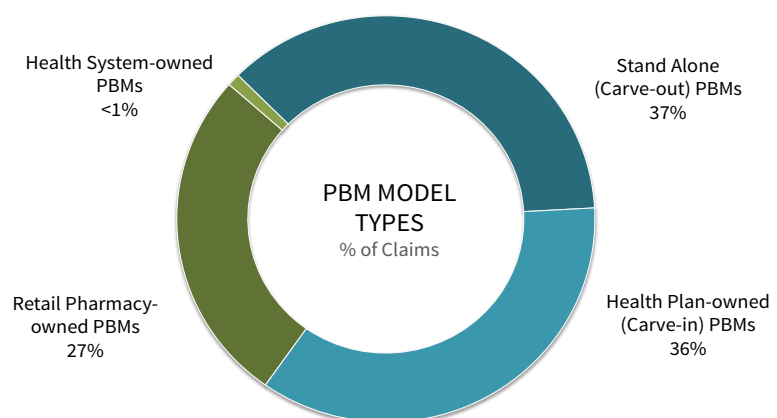
The Pharmacy Benefit Manager (PBM) market underwent a wealth of change in the last 12 months, experiencing both notable merger and acquisition activity among key players and it's key customers. HIRC's report, *Pharmacy Benefit Managers: Market Landscape and Strategic Imperatives*, examines the current market landscape, PBM executives' strategic imperatives going forward, and views on disruptive market trends that could impact the segment further. The report addresses the following questions:

- Which firms control the PBM market today, and what threatens the current status-quo?
- What notable market activity has occurred among leading PBMs in the last 12 months?
- What do PBMs identify as the most disruptive trend impacting the market segment?
- What are PBM executives' most urgent strategic imperatives for 2016? How do they see their organizations evolving over the next three years?
- Which therapeutic classes are targeted most for management? What are PBMs doing to control rising drug costs for their payer customers?

**Key Finding:** The PBM market is stabilizing as the industry consolidates and scales around three major players: Express Scripts, OptumRx, and CVS/Caremark.

### Recent National Insurer Consolidation Could Accelerate the Health Plan-owned (Carve-in) PBM Model

PBM models vary to include four key segments; however, recent consolidation amongst large national health insurers poses a threat to carve-out and retail models. Leading carve-out PBMs are working to build upon their value propositions by strengthening their ability to save on the increasing drug trend (ESI's new value-based pricing model) and through adding scale and access (CVS' acquisition of Target's in-store pharmacies and Omnicare).



## PBMs' Top Strategic Imperatives for 2016 Include Managing the Specialty Drug Growth Trend

Soaring costs and a robust specialty pipeline are impacting PBMs' customers. PBMs are responding with a variety of programs and activities to manage the trend, ranging from formulary exclusion lists, advocating for lower drug pricing, and aggressive utilization management programs, such as ESI's Cholesterol Care Value Program for Praluent and Repatha. PBM executives also identified membership growth and customer retention as a top strategic imperative, with a particular interest in gaining share in the government segment.

PBMs' TOP STRATEGIC IMPERATIVES FOR 2016



The full report also features the following to support PBM account planning:

- Detailed profiles for select industry-leading PBMs: Express Scripts, OptumRx, CVS/Caremark, and Humana Pharmacy Solutions
- Manufacturer ratings of top PBMs' ability to limit access and willingness to partner with pharmaceutical firms

## Research Methodology and Report Availability

In December and January, HIRC surveyed 25 PBM executives representing 16 stand alone, retail-owned, and health plan-owned PBMs. Online surveys, follow-up telephone interviews, and in-depth secondary research were used to gather information. The complete report, *Pharmacy Benefit Managers: Market Landscape and Strategic Imperatives*, is available now to HIRC's Managed Markets and National Accounts subscribers at [www.hirc.com](http://www.hirc.com).

The Managed Markets & National Accounts 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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# HIRC

HEALTH INDUSTRIES RESEARCH COMPANIES (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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