



Managed
Markets

Commercial Health Plans: Market Landscape and Strategic Imperatives

Despite continuing uncertainty surrounding ACA repeal and replace, commercial insurers are implementing strategies to drive sustainable, long-term growth and scale. HIRC's report, *Commercial Health Plans: Market Landscape and Strategic Imperatives*, examines the current market landscape, health plan executives' strategic imperatives, and views on market trends that could impact the segment further. The report addresses the following questions:

- What is the current landscape of the commercial insurer market and which plans account for the majority of market share?
- What do plans identify as the most notable market trends impacting their business in 2017?
- What are commercial health plan executives' most urgent strategic imperatives and operational objectives?
- Which therapeutic areas are targeted most for management? How are commercial health plans investing to manage cost and utilization of medications?

Key Finding: Independent of ACA repeal and replace, commercial plans identify the specialty drug trend, and the shift towards value-based reimbursement as the top trends impacting their business.

Managing the Specialty Drug Trend is Among Commercial Health Plan's Top Strategic Imperatives

Commercial pharmacy and medical directors were asked to consider and rank order a list of strategic imperatives according to their level of priority and investment within the health plan. Plans rank 'moderate specialty drug spend' as their top strategic priority in 2017, followed by 'increase total member enrollment', and 'develop a sustainable business model'.

COMMERCIAL HEALTH PLANS' TOP STRATEGIC IMPERATIVES
(n=66)

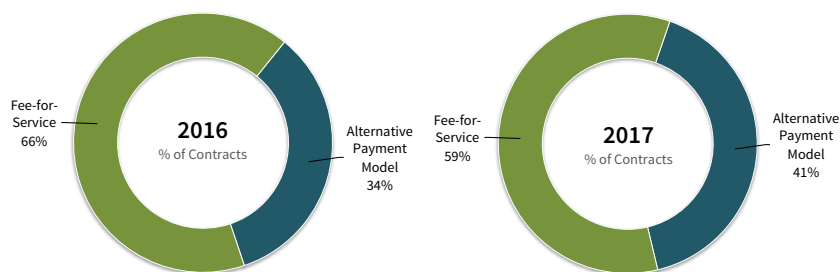
STRATEGIC IMPERATIVES	MEAN RANK	% OF PANEL RANKING #1
Moderate Specialty Drug Spend	2.7	29%
Increase Total Member Enrollment	2.8	24%
Develop a Sustainable Business Model	2.9	26%
Continue to Shift Toward Value-based Care	3.1	12%
Improve Quality of Care	3.5	9%

The full report includes a complete ranking of health plans' top 10 operational objectives and examines plans' activities to achieve their top objectives in 2017.

Commercial Health Plans Continue to Expand Use of Alternative Payment Models with Network Providers

Commercial insurers, in addition to CMS, continue to drive away from fee-for-service models and towards value-based reimbursement. On average, plans report that approximately 41% of their provider contracts involved alternative payment models in 2017, compared to 34% of contracts in 2016. Shared savings payment models are most common, followed by full capitation arrangements and care management fee/bonus incentives.

PAYER CONTRACTS WITH IN-NETWORK PRIMARY CARE PHYSICIANS



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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The full report also features the following to support commercial health insurer account planning:

- Detailed profiles for select industry-leading health plans: United Healthcare, Anthem Inc., Aetna, Health Care Service Corporation (HCSC), Cigna, Kaiser Permanente, and Humana Inc.
- Manufacturer ratings of top plans' ability to limit access and willingness to partner with pharmaceutical firms.

Research Methodology and Report Availability

In December 2016 and January 2017, HIRC surveyed 66 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: Market Landscape and Strategic Imperatives*, is available now to HIRC's Managed Markets subscribers at www.hirc.com.



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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