



## Managed Markets

### Commercial Health Plans: Market Landscape and Strategic Imperatives

Despite continuing market consolidation and uncertainty surrounding healthcare reform, 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, commercial health plan executives' strategic imperatives, and views on market trends that could impact the segment further. The report addresses the following questions:

- How has consolidation impacted the marketplace and what are the opportunities for growth?
- What are commercial health plan executives' most urgent strategic imperatives and operational objectives?
- How are commercial health plans addressing the shift towards value-based care?
- What is the future of commercial ACO participation?
- Which therapeutic areas are targeted for quality metric adoption?

**Key Finding:** Commercial health plan respondents identify specialty and oncology drug spend as the top market trend impacting their businesses in 2018, followed closely by healthcare reform.

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

Commercial health plan 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 their organization. Plans rank 'moderate specialty drug spend' as their top strategic priority in 2018, followed by 'continue to shift toward value-based care', and 'increase total member enrollment'.

COMMERCIAL HEALTH PLANS' TOP STRATEGIC IMPERATIVES  
(n=70)

STRATEGIC IMPERATIVES	MEAN RANK	% OF PANEL RANKING #1
Moderate Specialty Drug Spend	2.3	31%
Continue to Shift Toward Value-based Care	2.6	34%
Increase Total Member Enrollment	2.9	24%
Improve Quality of Care	3.3	7%
Encourage Consumer-driven Healthcare	3.9	3%

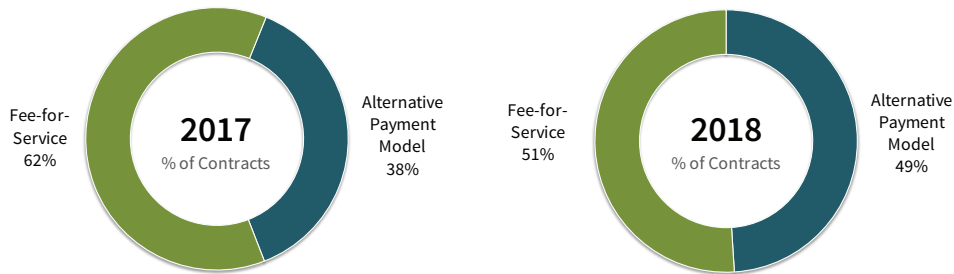
The full report includes a complete ranking of commercial health plans' top 10 operational objectives and examines plans' activities to achieve their top objectives in 2018.

## 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 49% of their provider contracts will involve alternative payment models in 2018, compared to 38% of contracts in 2017. Shared savings payment models are most common, followed by care management fee/bonus incentives, and bundled/episode-based payments.

### PAYER CONTRACTS WITH IN-NETWORK PRIMARY CARE PHYSICIANS

% of Fee-for-Service vs. Alternative Payment Model Contracts



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 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: Market Landscape and Strategic Imperatives*, is available now to HIRC's Managed Markets subscribers at [www.hirc.com](http://www.hirc.com).

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