



Managed
Markets

Pharmacy Benefit Managers: Contracting Landscape and Manufacturer Competitive Positioning

While proposed regulatory changes may significantly alter contracting activity in the future, it is critical to continue to monitor the current contracting landscape to ensure access to products through pharmacy benefit managers (PBMs). HIRC's report, *Pharmacy Benefit Managers: Contracting Landscape and Manufacturer Competitive Positioning*, reviews PBM executives' evaluation of manufacturers and focuses on trends in contracting. The report addresses the following questions:

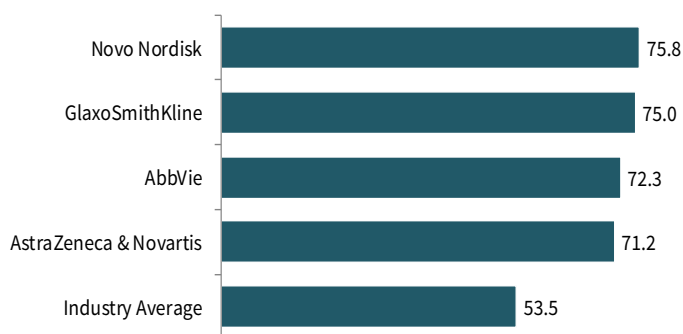
- Which manufacturers lead in PBM executives' evaluation of willingness to contract?
- Which contract types do PBM executives perceive as most frequently available for traditional, specialty, and oncology medications? Which are the most valuable?
- How are excluded product lists evolving across traditional, specialty, and oncology?
- What is the estimated level of rebates manufacturers are willing to offer to gain access across 14 therapeutic areas?
- What are the advantages and challenges of risk/outcomes-based contracting? Which therapeutic areas are of highest interest for risk/outcomes-based arrangements?

Key Finding: PBM panelists most often select flat access rebates tied to preferred position as the most valuable contract type offered by manufacturers.

Novo Nordisk and GlaxoSmithKline are Rated Highest by PBMs in Willingness to Contract

Respondents were asked to consider and rate pharmaceutical firms on their overall willingness to contract. Pharmacy benefit manager executives rate Novo Nordisk highest in willingness to contract on average, followed by GlaxoSmithKline. Top firms are noted for diverse portfolios, aggressive rebates, and understanding of PBMs' priorities and needs.

LEADING MANUFACTURERS IN WILLINGNESS TO CONTRACT

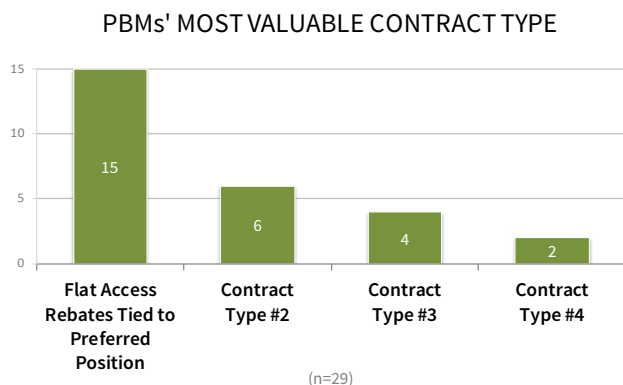


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The full report provides a complete listing of ratings in willingness to contract across 42 manufacturers and examines PBMs' rationale for their ratings.

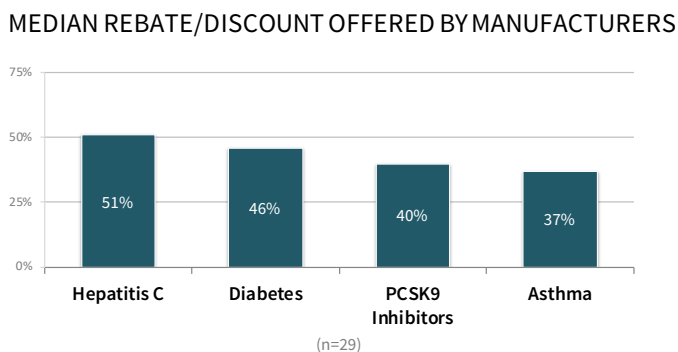
PBMs' Most Often Select Flat Access Rebates Tied to Preferred Position as the Most Valuable Contract Type

When asked to select one of four contract types as most valuable, 56% of PBM key decision-makers select flat access rebates tied to preferred position. An in-depth analysis of factors driving nominations reveal ease of administration, guaranteed pricing, and reliability encompass the underlying value of these contracts.



PBMs Report the Largest Rebates for Hepatitis C, Diabetes, PCSK9 Inhibitors, and Asthma Medications

Respondents were asked to estimate the level of rebates/discounts manufacturers offer in order to effectively compete for formulary access. Panelists report manufacturers offer the highest median rebates for hepatitis C medications, followed by diabetes, PCSK9 inhibitors, and asthma medications.



The full report provides a complete listing of rebates, discounts, or price concessions offered by manufacturers across 14 therapeutic areas.

Research Methodology and Report Availability

In December 2018 and January 2019, HIRC surveyed 29 pharmacy benefit manager key decision-makers from stand alone, health plan-owned, and retail-owned PBMs. Online surveys and follow-up telephone interviews were used to gather information. The complete report, *Pharmacy Benefit Managers: Contracting Landscape and Manufacturer Competitive Positioning*, is available now to HIRC's Managed Markets subscribers at www.hirc.com.

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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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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