



HIRC's Special Report Series

Special Report: The Contracting Environment in 2023

Pharmaceutical manufacturer contracting is a key element of account engagement to enhance and/or maintain market access; however, the contracting landscape can vary greatly upon on many idiosyncrasies within each therapeutic area. HIRC's report, *The Contracting Environment in 2023*, assists pharmaceutical manufacturers in understanding trends in contracting with payers across therapeutic categories spanning traditional, specialty and oncology. The report addresses the following questions:

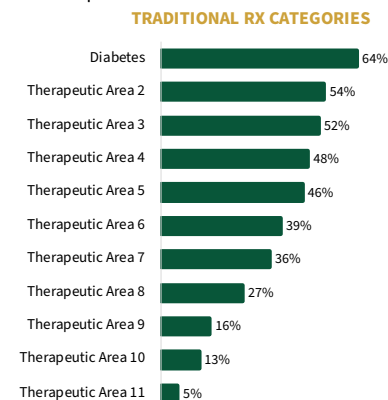
- What is the **status of contracts in-place or offered to commercial health plans** in the last 12-18 months across 40+ therapeutic areas? How does this vary by plan type (i.e., National, BCBS, Regional plans)?
- What is the **status of contracts in-place or offered to pharmacy benefit managers** in the last 12-18 months across across 15+ broad traditional and specialty categories?
- What **contract approaches** are most common overall and by therapeutic area (e.g., flat access rebates, price protection, market share rebates)?
- What are the most common average **discount/rebate amounts** offered across 40+ unique therapeutic areas? How have discount/rebate amounts changed over time?
- What is the status of **alternative or novel contracting approaches**, such as risk/outcomes-based, portfolio, and indication-based contracts?

Key Finding: The contracting environment in 2023 is active, but varies by therapeutic area, with a greater share of contracts reported in more competitive and/or crowded categories.

The Contracting Environment: Highlighting Diabetes

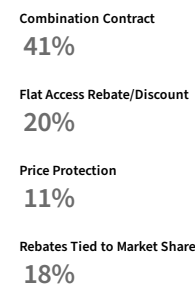
Across traditional Rx categories, contracts with commercial health plans are most often reported for diabetes medications. Roughly two-thirds of commercial health plans (64%) have or have been offered a contract in the last 12-18 months for diabetes drugs.

% of Commercial Health Plans with a Contract Currently In-place or Offered in the Past 12-18 Months*

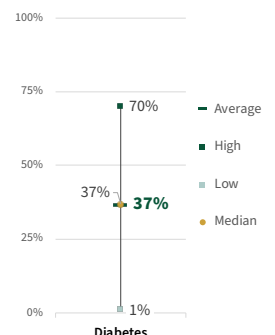


DIABETES CONTRACTING INSIGHTS

Contract Types for Diabetes (% of Plans with Contract In-Place or Offered)



Range of Rebate/Discount Amounts

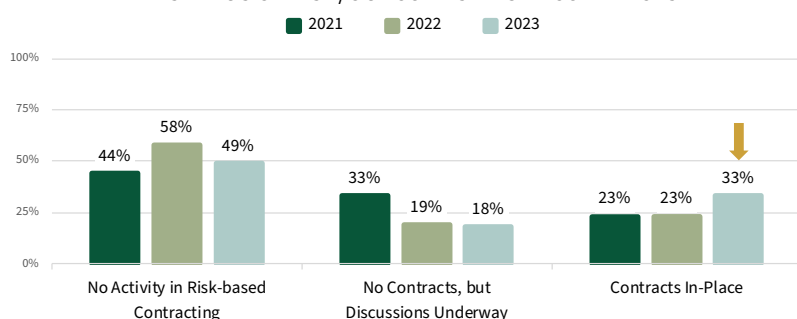


A 'combination contract' approach that includes both a flat access rebate and price protection is most common. Average discount amounts are reported at around 37%.

A Greater Share of Commercial Plans Report Risk/Outcomes-based Contracts in 2023

The prevalence of risk/outcomes-based contracts increased in 2023; currently, 33% of commercial plans report a risk-based contract in-place, up from 23% in 2021 & 2022. The increasing availability of rare disease medications is likely driving the growth in this contract approach. The full report also examines the prevalence of portfolio and indication-based contracts with commercial payers.

STATUS OF RISK/OUTCOMES-BASED CONTRACTS



Source: HIRC's *Specialty Pharmaceutical's Service*, 2021 n=57; 2022 n=53; 2023 n=50 Commercial Health Plans

HIRC's Special Reports Series is developed by a multidisciplinary team of HIRC researchers to provide comprehensive views into 2-3 high priority broad topic areas, such as contracting, biosimilars, and more. Because insights draw upon content across HIRC's research portfolio, special report content often spans multiple market segments, product channels, and/or therapeutic areas. To subscribe to this new, unique offering, contact:



Danielle Snook
Research Director
408-884-8560
dsnook@hirc.com

Extensive Listing of Therapeutic Areas are Examined

The complete report reviews contracting prevalence, approaches/types, and most common average rebate discount amounts across the following therapeutic areas/product classes:

TRADITIONAL	SPECIALTY	ONCOLOGY
Anticoagulants	Cholesterol-lowering Biologics	Oral Conventional Branded Chemotherapy
Asthma	Erythropoiesis-Stimulating Agents	IV Conventional Branded Chemotherapy
Behavioral Health	Genetic and Rare Diseases	Oral Targeted Therapies - 18 Unique Cancer Types
Congestive Heart Failure	HIV/AIDS	IV Targeted Cancer Therapy - 18 Unique Cancer Types
COPD	Inflammation & Immunology - 4 Unique Drug Classes	Immune Checkpoint Inhibitors
Coronary Artery Disease	Migraine	CAR-T Cell Therapies
Diabetes	Multiple Sclerosis - 5 Unique Drug Classes	
Lipid Regulators	Ocular Disorders	
Opioid Dependence	Respiratory Biologics	
Vaccines	White Blood Cell Stimulants	
Weight Loss/Obesity		

Research Methodology and Report Availability

Special reports draw upon data across HIRC services, allowing readers to glean insights into high level topics across varying market segments, channels, and/or therapeutic areas. HIRC's report, *The Contracting Environment in 2023*, includes survey and qualitative follow-up interview insights from various commercial health plan and pharmacy benefit manager panels, collected in 2023. The report is available now to HIRC's Special Report Series subscribers at www.hirc.com.

hirc

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.

224 Walnut Street, Suite C
Santa Cruz, California 95060
P: 408-884-8560 • F: 408-884-8561

www.hirc.com