



Managed Markets

Commercial Health Plans: Market Landscape and Strategic Imperatives

Commercial health plans (CHPs) continue to work towards profitable business growth while managing costs brought forth by the abundant pipeline of innovative therapies. HIRC's report, *Commercial Health Plans: Market Landscape and Strategic Imperatives*, reviews the current market landscape and top trends for 2024, as well as commercial plans' top strategic imperatives to address over the next 12-18 months. The report addresses the following questions:

- What is the current landscape of the commercial health plan market, and which plans currently account for the majority of market share?
- What are the most notable market trends impacting commercial health plans in 2024?
- What are commercial health plans' most important strategic imperatives? Which activities are of highest priority to manage cost and utilization of traditional medications?
- How are commercial health plans driving the shift towards value-based care?
- Which plans are viewed as having the strongest ability to limit brand access? Which are viewed as most willing to partner with manufacturers?

Key Finding: Commercial health plans' top strategic imperatives for 2024 include membership growth and expanding lines of business, increasing value/outcomes-based contracts, and reducing overall drug spend.

IRA, Biosimilars, and Pharmaceutical Costs Among the Top Trends for Commercial MCOs in 2024

When asked to identify the market trends/dynamics with the highest potential to impact commercial health plans' businesses, respondents identify the *Impact of IRA/Government Regulations* as the most disruptive trend in 2024, followed by *GLP-1 Cost and Utilization*, the *Rise of Biosimilars*, *High-cost Medications Coming to Market*, and *Cell and Gene Therapies*.

COMMERCIAL HEALTH PLANS: MOST DISRUPTIVE MARKET TRENDS

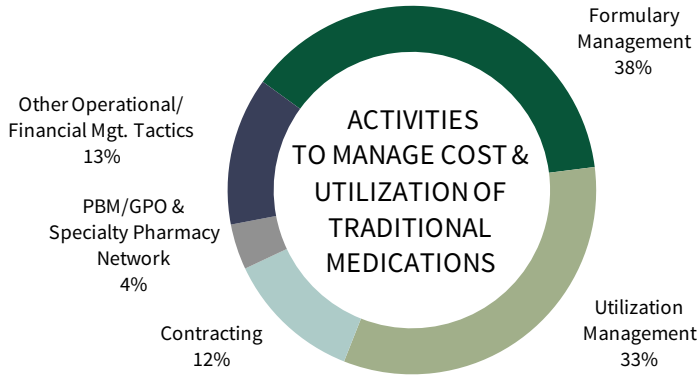
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MARKET TREND	% of Plans Identifying Trend
Impact of IRA/Government Regulations	23%
GLP-1 Cost and Utilization	14%
Rise of Biosimilars	10%
High-cost Medications Coming to Market	9%
Cell and Gene Therapies	9%

The full report includes a complete listing of commercial health plan executives' most disruptive market trends and top strategic imperatives in 2024.

CHPs Most Often Employ Formulary & Utilization Management Tactics to Manage Traditional Medications

The vast majority of commercial health plans' medication management activities for traditional drugs in 2024 center around formulary and utilization management. When it comes to formulary management, plans are expanding their use of closed formularies/excluded product lists. To better manage drug utilization, plans are implementing more restrictive prior authorization requirements. The full report includes a complete listing of plans' cost and utilization activities in 2024.



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.

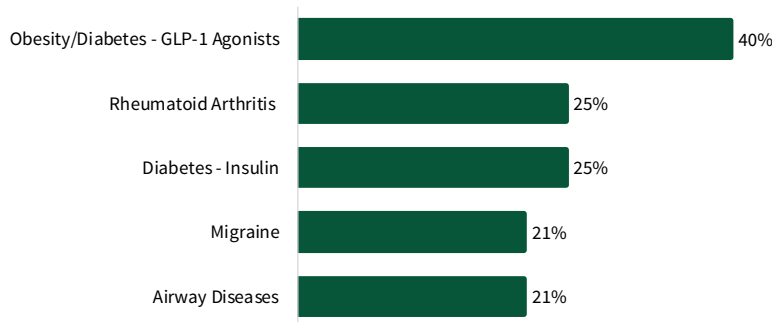


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GLP-1s a Top Target for Future Exclusions

Respondents were asked which therapeutic areas are of highest priority for their plan to target for additional formulary exclusions in the next 12-18 months. Obesity/diabetes - GLP-1 agonists, rheumatoid arthritis, and diabetes medications are identified most by CHPs as a target for additional formulary exclusions, followed by migraine and airway disease agents. The full report provides a detailed analysis of excluded and preferred products, as well as HIM trends across 20+ therapeutic areas.

TA's TARGETED FOR ADDITIONAL FORMULARY EXCLUSIONS
% of Plans



Research Methodology and Report Availability

In December 2023 and January 2024, HIRC surveyed 52 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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