



Medicare Advantage Plans: Contracting Landscape and Manufacturer Competitive Assessment

Medicare Advantage (MA) executives look for innovative contracting solutions to provide high quality, lower cost care to members. HIRC's report, *Medicare Advantage Plans: Contracting Landscape and Manufacturer Competitive Assessment*, reviews Medicare Advantage pharmacy and medical directors' evaluation of pharmaceutical manufacturers, and focuses on trends in contracting. The report addresses the following questions:

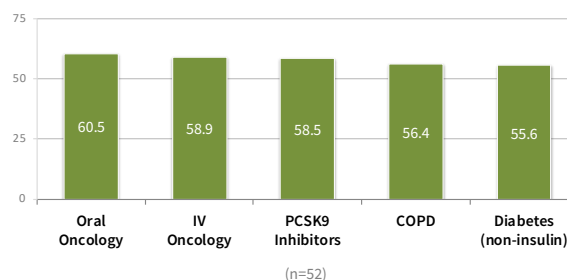
- Which pharmaceutical manufacturers lead in Medicare Advantage executives' evaluation of willingness to contract?
- Which manufacturers lead in Medicare Advantage executives' evaluation of quality of programs and/or resources? Which program areas represent panelists' most urgent need for a manufacturer partner?
- Which contract types are most commonly offered for traditional, specialty, and oncology medications? Which are the most preferred?
- Which manufacturers are most often nominated as plans' overall "Partner of Choice"?
- What are the central challenges and drivers of risk/outcomes-based contracts?

Key Finding: Medicare Advantage respondents rate flat access rebates tied to preferred position as the most valuable contract type due to ease of administration, predictability, and savings.

Panelists Report Highest Interest in Risk/Outcomes-based Contracting for Oral and IV Oncology Medications

Respondents were asked to consider and rate 13 therapeutic areas across traditional, specialty, and oncology classes by level of interest in engaging in risk/outcomes-based contracts with manufacturers. On average, Medicare Advantage panelists report the highest interest in risk/outcomes-based contracting for oral oncology medications, followed closely by IV oncology medications, and PCSK9 inhibitors.

AVERAGE LEVEL OF INTEREST IN RISK/OUTCOMES-BASED CONTRACTS:
TOP THERAPEUTIC AREAS, 2018



The complete listing of interest in risk/outcomes-based contracting by therapeutic area is provided in the full report, along with year-over-year change and customer comments.

Data Gathering and Analysis Remains a Top Barrier to Engagement in Risk/Outcomes-based Contracting

Respondents were asked to rank order a list of challenges related to the execution and implementation of risk/outcomes-based contracts according to the level of burden to the plan. Nearly half (48%) of Medicare Advantage panelists rate data gathering, analysis, and HIT integration and the top challenge posed by risk/outcomes-based contracting, followed by legal and regulatory issues, and challenges surrounding administration of the contracts.

TOP CHALLENGES RELATED TO RISK/OUTCOMES-BASED CONTRACTING (n=52)

CHALLENGES	MEAN RANK	% OF PANEL RANKING #1
Data Gathering, Analysis, and HIT Integration	2.1	48%
Legal and Regulatory Issues	2.7	29%
Administration of Contracts	2.9	10%
Trust Between Plans and Manufacturers	3.6	8%
Membership Churn/Lack of Longitudinal Outcomes Data	3.7	6%

In addition to a complete analysis of challenges as well as drivers related to risk/outcomes-based contracting, the full report includes an in-depth competitive assessment of 42 pharmaceutical manufacturers, Medicare Advantage executives' interest in programs/resource offerings as well as unmet needs, and detailed profiles for 15 industry-leading pharmaceutical manufacturers.

Research Methodology and Report Availability

In July 2018, HIRC surveyed 52 Medicare Advantage 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, *Medicare Advantage Plans: Contracting Landscape and Manufacturer Competitive Assessment*, 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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