



Specialty Pharmaceuticals

Specialty Pharmacy Providers: Market Landscape Trends and Strategic Imperatives

The specialty pharmacy market is nothing short of dynamic as payers increase vertical integration, health systems enhance access, and regulatory activity continues to emerge and develop. HIRC’s report, *Specialty Pharmacy Providers: Market Landscape Trends and Strategic Imperatives*, examines recent market trends, key players, and specialty pharmacy provider (SPP) strategic imperatives. The report addresses the following questions:

- What notable market trends are impacting the specialty pharmacy channel?
- What are the latest trends in specialty drug dispensing and distribution (e.g., limited distribution trends, white bagging)?
- How has the market evolved in regards to specialty pharmacy market share and the number accredited specialty pharmacies operating in the U.S.?
- What is the status and impact of the health system-owned specialty pharmacy sector?
- What do SPPs describe as their most urgent strategic imperatives for 2024 and how does this vary by ownership type (e.g., PBM-owned vs. independent)?
- How common is it for various SPP services to be provided as a core service vs. at an additional cost to manufacturers and payers?

Key Finding: While market share is largely dominated by a few large specialty pharmacies, health systems now account for over 50% of accredited SPPs. The diversity of SPPs by ownership type continues to require complex channel management to build and maintain the optimal network for a given product.

Rare Disease Drugs, Biosimilars, and the Regulatory Environment Identified by SPPs as Top Market Trends

SPPs report several market trends impacting their industry and businesses in 2024. Topping the list are the volume of gene/cell therapy & rare disease medications, biosimilars and specialty generics, and changing government regulations. While gene and rare disease represents a potentially large opportunity for SPPs, it is expected to benefit very few as networks will be limited and at times, exclusive.

TOP MARKET TRENDS IMPACTING SPECIALTY PHARMACIES IN 2024

Market Trend	% of SPPs Identifying Trend as Impactful (n=43)
Increasing Volume of Gene/Cell Therapy & Rare Disease Medications	33%
Govt Regulations (e.g., IRA, PBM reform, white bagging bans)	28%
Biosimilars and Specialty Generics	26%
340B Drug Program Changes/Pharma Pushback	16%
Increasing Volume of Drugs Classified as Specialty	14%
Site of Care Management Programs/Dynamics	14%

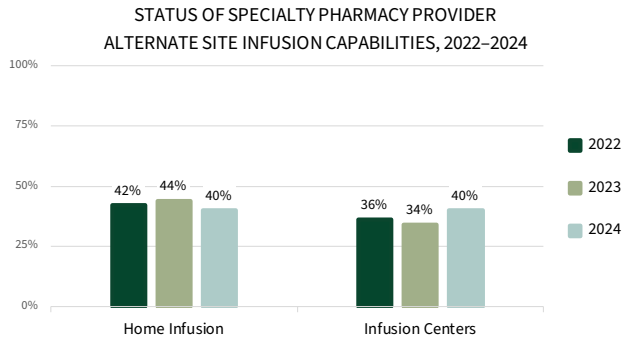
The full report examines the complete list of market trends in detail, in addition to how specialty pharmacies are responding and positioning themselves.

Specialty Pharmacy Role in Alternate Site of Care Infusion

Self-administered medications accounted for nearly 80% of specialty pharmacy dispensing in 2023, a trend that SPPs largely predict will hold steady for 2024 despite site of care and white bagging mandates by payers. Forty percent of specialty pharmacy providers offer

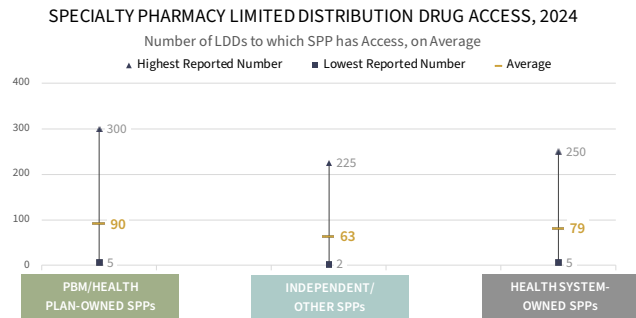
home infusion capabilities in 2024 and 40% report infusion center offerings, both fluctuating year-over-year.

Follow-up interviews reveal that SPPs still maintain their enthusiasm toward adding or expanding alternate site infusion capabilities.



PBM/Health Plan-owned SPPs Maintain Advantage in Limited Distribution Drug Access

There are approximately 300 additional limited distribution drugs on the market in 2024 compared to 2018. HIRC estimates that roughly 69% of specialty drugs are now launched with a limited network.



distribution, as well as distribution trends by therapeutic class and therapy type.

The complete report also provides in-depth profiles of industry-leading SPPs. Dispensing trends, service offerings, and strategic imperatives are segmented by the following:

- PBM/Health Plan-owned Specialty Pharmacies
- Independent and Other Specialty Pharmacies (e.g., Retail, Wholesaler-owned)
- Health System-owned Specialty Pharmacies

Research Methodology and Report Availability

In March & April, HIRC surveyed 43 specialty pharmacy provider executives, representing a variety of ownership types. In addition to extensive secondary research, online surveys and follow-up telephone interviews were used to gather information. The report, *Specialty Pharmacy Providers: Market Landscape Trends and Strategic Imperatives*, is part of the *Specialty Pharmaceuticals Service*, and is now available to subscribers at www.hirc.com.

The **Specialty Pharmaceuticals Service** monitors managed care trends related to specialty medication management, such as payers' formulary & utilization management approaches and trends in contracting. Issues in specialty pharmacy distribution and engagement are also reviewed. The service examines specialty brands and benchmarks manufacturers across several high profile therapeutic classes. For subscription information please contact:



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