



Commercial Health Plans: Market Landscape and Strategic Imperatives

As drug pricing continues to be a top priority for employers, commercial health plans are aggressively seeking cost-savings and growth opportunities via alternative payment models and increased member enrollment. HIRC's report, *Commercial Health Plans: Market Landscape and Strategic Imperatives*, examines the current market landscape, commercial health plan executives' most urgent strategic imperatives and objectives, and the top trends that could impact the segment further. The report addresses the following questions:

- How has consolidation impacted the marketplace, and which plans currently account for the majority of market share?
- What are commercial health plan executives' most important strategic imperatives and which operational objectives are of highest priority?
- What do commercial health plan panelists identify as the most notable market trends impacting their business in 2019?
- How are commercial health plans driving the shift towards value-based care?
- Which therapeutic areas are most often targeted for quality metric adoption?

Key Finding: Consolidation continues in the commercial health plan segment, leaving seven insurers with the majority of market share and increased leverage over pricing negotiations.

Commercial Health Plan Panelists Report Moderating Specialty Drug Spend as Top Strategic Imperative in 2019

Commercial health plan respondents were asked to consider and rank order a list of five strategic imperatives according to the level of priority and investment within the plan. Respondents rank 'moderate specialty drug spend' as their top strategic imperative in 2019, followed by 'increase total member enrollment' and 'continue to shift toward value-based care'.

COMMERCIAL HEALTH PLANS' TOP STRATEGIC IMPERATIVES

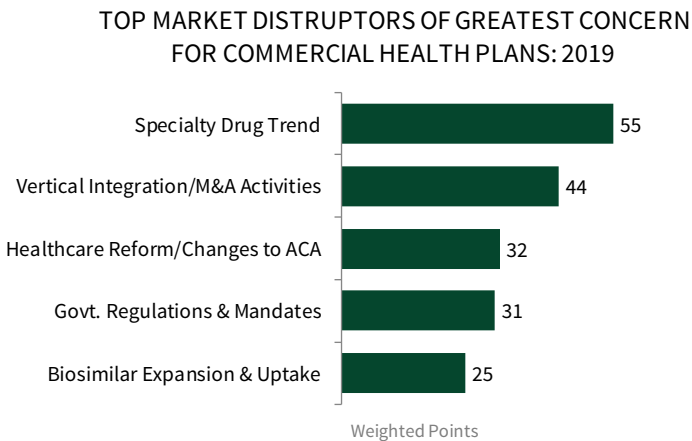
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STRATEGIC IMPERATIVES	AVE. RANK	% OF PANEL RANKING #1
Moderate Specialty Drug Spend	2.4	35%
Increase Total Member Enrollment	2.7	32%
Continue to Shift Toward Value-based Care	2.9	15%
Improve Quality of Care	3.1	12%
Encourage Consumer-driven Healthcare	3.9	7%

The full report includes a complete ranking of commercial health plans' top 10 operational objectives and examines plans' activities to achieve their priorities and objectives in 2019.

Panelists Identify Specialty Drug Trend and Vertical Integration as Top Market Disruptors in 2019

Commercial health plan decision-makers were asked to identify the top three market trends that have the greatest potential to impact their business in the next 1-3 years. Panelists identify the continued rising cost of specialty and oncology medications as the top market trend in 2019, followed by vertical integration and industry consolidation amid merger and acquisition activity in the marketplace.



The full report provides a complete listing of market trends as well as a detailed analysis of most disruptive trends across national, regional, and BCBS plans.

The full report also features the following to support commercial health insurer account planning:

- Detailed profiles of select industry-leading health plans: United Healthcare, Anthem, Aetna, Cigna, Health Care Service Corporation (HCSC), Humana, and Kaiser Permanente.
- Manufacturer ratings of top commercial health plans' ability to limit brand access and willingness to partner with pharmaceutical firms.

Research Methodology and Report Availability

In December 2018 and January 2019, HIRC surveyed 60 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.

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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