



Managed Markets

Medicaid MCOs: Market Landscape Trends, Contracting Environment and Manufacturer Engagement

The managed Medicaid segment continues to be impacted by government mandates and CMS policy changes, as well as fluctuations in enrollment in 2024. HIRC's report, *Medicaid MCOs: Market Landscape Trends, Contracting Environment and Manufacturer Engagement*, reviews the Medicaid MCO market landscape, the contracting environment, and pharmaceutical manufacturer engagement. The report addresses the following questions:

- What is the nature of the current Medicaid MCO market? Which plans account for the majority of market share?
- What top market trends are impacting the Medicaid MCO segment? Which strategic imperatives are Medicaid MCO leaders working to address over the next 12-18 months?
- What activities are Medicaid MCOs engaging in to better manage drug costs and utilization?
- What is the current contracting environment across 20+ therapeutic areas? Which contract types are most frequently offered and what are the most common rebate/discount amounts?
- Which manufacturers are most often nominated as Medicaid MCOs' overall "Partner of Choice"? How do manufacturers benchmark across willingness to offer supplemental discounts/rebates, and overall quality of programs/resources?

Key Finding: Top market trends reported by Medicaid MCOs for 2024/2025 include the Inflation Reduction Act (IRA)/Federal & State Regulations, Increased Use of GLP-1s, Gene Therapy & Orphan Drugs, and Pharmacy Carve-out/Single PDL.

Medicaid MCOs' Utilization Management Strategies in 2024

To better manage drug costs and utilization of medications over the next 12-18 months, Medicaid MCO panelists report focusing on *More Rigorous Prior Authorization Criteria*, followed by *Increased Use of Step Edits*. Secondary initiatives to manage drug costs include *Enhancing Data Sharing Capabilities to Ensure Accurate Prescribing*, *Incentivizing Physicians to Use Generics/Lower Cost Drugs*, and *Driving Better Contract Offerings with Manufacturers*.

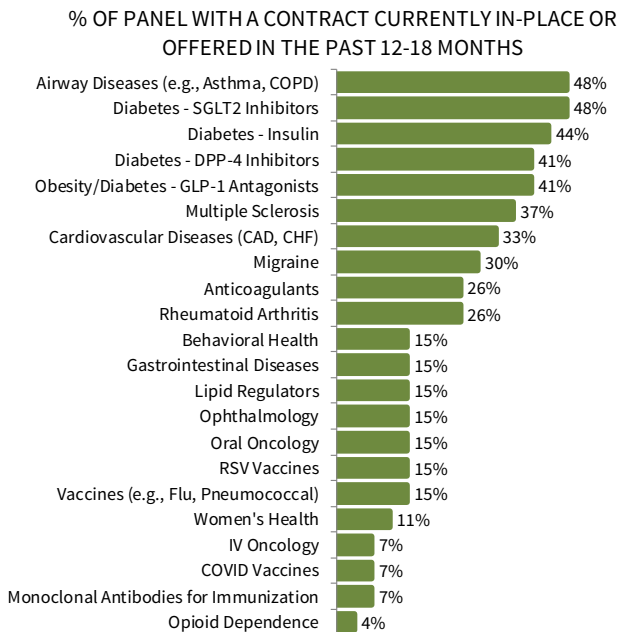
MEDICAID MCOs: KEY INITIATIVES TO MANAGE DRUG COSTS

UTILIZATION MANAGEMENT ACTIVITY	# OF MENTIONS
More Rigorous Prior Authorization Criteria	11
Increase Use of Step Edits	8
Enhance Data Sharing Capabilities to Ensure Accurate Prescribing	5
Incentivize Physicians to Use Generics/Lower Cost Drugs	5
Drive Better Contract Offerings with Manufacturers	4

The full report provides a complete listing of Medicaid MCOs' utilization management activities in detail across a listing of 20+ therapeutic areas.

MCOs Report Highest Contracting Activity in Airway Diseases and Diabetes

Medicaid MCO key decision-makers were asked to consider a list of 20+ therapeutic areas/disease states and indicate if their organization currently has a contract in-place or has



been offered a contract in the past 12-18 months, beyond the mandatory required rebate.

About 48% of Medicaid MCOs have or have been offered a supplemental contract for airway diseases and/or diabetes - SGLT2 inhibitors. The full report examines the contracting environment (contract types & supplemental discount amounts) in detail.

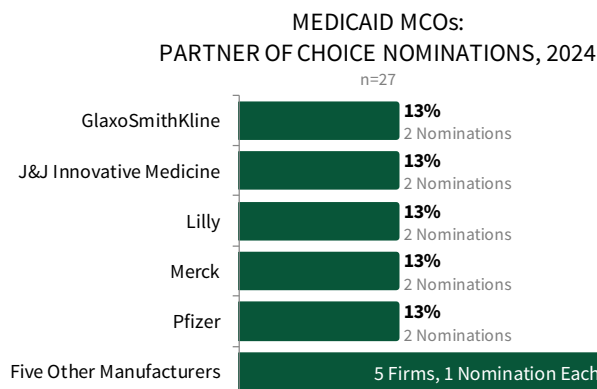
The Managed Markets Service provides strategic and tactical information, including customers' assessments of manufacturers' contracting and resources within four commercial and government market segments; market landscape trends and activity influencing the availability, price, and utilization of pharmaceuticals; 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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Medicaid MCOs' Top Partners of Choice in 2024

GlaxoSmithKline, J&J Innovative Medicine, Lilly, Merck, and Pfizer are most often nominated as Medicaid MCOs' overall partners of choice in 2024. Leading companies are noted for having broad portfolios and dedicated account management personnel. The full report provides benchmark ratings of 40+ manufacturers in presence, willingness to offer supplemental rebates, and quality of programs/resources.



Research Methodology and Report Availability

In October 2024, HIRC surveyed 27 Medicaid managed care organization (MCO) 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, *Medicaid MCOs: Market Landscape Trends, Contracting Environment and Manufacturer Engagement*, 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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