Special Report Series

Special Report: The Contracting Environment in 2024

Pharmaceutical manufacturer contracting is a key element of account engagement to enhance and/or maintain market access; however, the contracting landscape can vary greatly by therapeutic area. HIRC's report, *The Contracting Environment in 2024*, assists pharmaceutical manufacturers in understanding trends in contracting with commercial payers across therapeutic categories spanning traditional, specialty and oncology. The report addresses the following questions:

- What is the status of contracts in-place or offered to commercial health plans in the last 12-18 months across 40+ therapeutic areas?
- What is the status of contracts in-place or offered to pharmacy benefit managers in the last 12-18 months across across 15+ broad traditional and specialty categories?
- What contract approaches are most common overall and by therapeutic area (e.g., flat access rebates, price protection, market share rebates)?
- What are the most common average discount/rebate amounts offered across 40+ unique therapeutic areas?
- What is the status of alternative or novel contracting approaches, such as risk/outcomes-based, portfolio, and indication-based contracts?

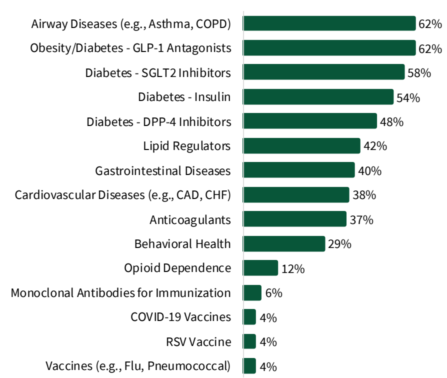
Key Finding: The contracting environment in 2024 is active, but varies by therapeutic area with a greater share of contracts reported in more competitive and/or crowded categories; flat access rebates tied to preferred position + price protection are most common.

The Contracting Environment: *Traditional Rx Categories*

Across traditional Rx categories, contracts with commercial health plans are most often reported for airway diseases and GLP-1 antagonists. Just under two-thirds of commercial health plans (62%) have or have been offered a contract in the last 12-18 months for airway disease medications and/or GLP-1 antagonists. In airway diseases, a 'combination contract' approach that includes both a flat access rebate and price protection is most common. Average discount amounts are reported at around 29%.

% of Commercial Health Plans with a Contract Currently In-place or Offered in the Past 12-18 Months

TRADITIONAL RX CATEGORIES



AIRWAY DISEASE CONTRACTING INSIGHTS

Contract Types for Airway Disease

(% of Plans with Contract In-Place or Offered)

Combination Contract

33%

Flat Access Rebate/Discount

27%

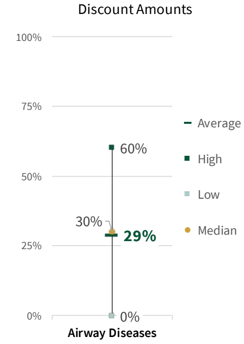
Price Protection

10%

Rebates Tied to Market Share

8%

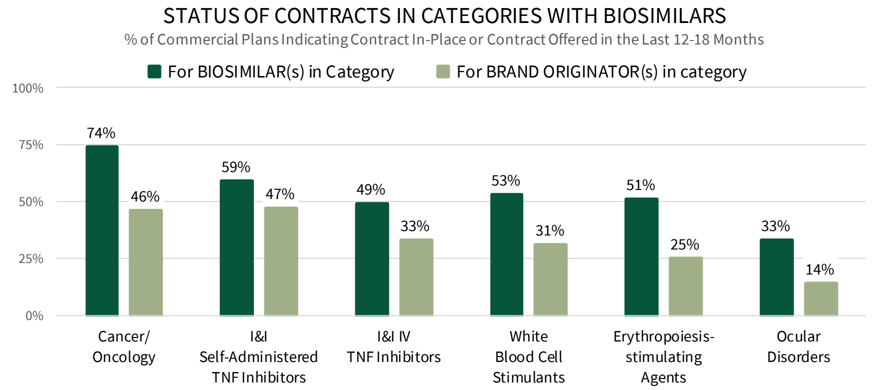
Range of Rebate/ Discount Amounts



Source: HIRC's *Managed Markets Service*, 2024 n=52 Commercial Health Plans

A Greater Share of Commercial Plans Report Contracts for Biosimilars than Reference Brands

When it comes to categories with biosimilars, commercial health plans more often report contracts in-place or offered for the biosimilar(s) in the category compared to reference brands. For example, 74% of plans report a contract in-place or offered for oncology biosimilars, compared to 46% reporting contracts for brands. The complete report examines the contracting environment across numerous specialty and oncology therapeutic areas/ drug classes.



Extensive Listing of Therapeutic Areas are Examined

The complete report reviews contracting prevalence, approaches/types, and most common average rebate discount amounts across the following therapeutic areas/classes:

TRADITIONAL Rx	SPECIALTY Rx	ONCOLOGY/CANCER
Airway Diseases (e.g., Asthma, COPD)	Cholesterol-lowering Biologics	Oral Conventional Branded Chemotherapy
Anticoagulants	Erythropoiesis-stimulating Agents	CAR-T Cell Therapies
Behavioral Health	Genetic & Rare Diseases	Immune Checkpoint Inhibitors
Cardiovascular Diseases (e.g., CAD, CHF)	HIV/AIDS	IV Conventional Branded Chemotherapy
COVID-19 Vaccines	I&I Interleukin Inhibitors	IV Targeted Cancer Therapy - 18 Unique Cancer Types
Diabetes - DPP-4 Inhibitors	I&I IV TNF Inhibitors	Oncology Biosimilars
Diabetes - Insulin	I&I JAK Inhibitors	Oncology Brand Originators
Diabetes - SGLT2 Inhibitors	I&I Self Administered TNF Inhibitors	Oral Targeted Therapies - 18 Unique Cancer Types
Gastrointestinal Diseases	Migraine	
Lipid Regulators	MS Beta Interferons	
Monoclonal Antibodies for Immunization	MS Brands with Generic Alternatives*	
Obesity/Diabetes - GLP-1 Antagonists	MS Monoclonal Antibodies	
Opioid Dependence	MS Oral Agents	
RSV Vaccine	Ocular Disorders	
Vaccines (e.g., Flu, Pneumococcal)	Respiratory Biologics	
	S1P Receptor Modulators (UC, MS)	
	White Blood Cell Stimulants	

Research Methodology and Report Availability

Special reports draw upon data across HIRC services, allowing readers to glean insights into high level topics across varying market segments, channels, and/or therapeutic areas. HIRC's report, *The Contracting Environment in 2024,* includes survey and qualitative follow-up interview insights from various commercial health plan and pharmacy benefit manager panels, collected in 2024. The report is available now to HIRC's Special Report Series subscribers at www.hirc.com.

HIRC's Special Reports Series is developed by a multidisciplinary team of HIRC researchers to provide comprehensive views into 2-3 high priority broad topic areas, such as contracting, regulatory issues, rare disease and more. Because insights draw upon content across HIRC's research portfolio, special report content often spans multiple market segments, product channels, and/or therapeutic areas. To subscribe to this new, unique offering, contact:

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