The 2018 US Payor Landscape: Trends and Results from Formulary Management Surveys

Richard A. Brook, MS,MBA[1,2]; Jeff A. Carlisle, BA[1,3]; Jim E. Smeeding, RPh, MBA[1,4]

[1]TPG-National Payor Roundtable, Glastonbury, CT; [2]The JeSTARx Group and Better Health Worldwide, [3]Newfoundland, NJ; The Pharmacy Group, Glastonbury, CT; [4]The JeSTARx Group, Dallas, TX

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BACKGROUND

- Based on recent programs with US payors, Medical Directors, and sponsors (pharmaceutical companies, medical device, and health technology companies), the authors and their organizations decided to conduct a survey of medical and pharmacy directors involved with P&T Committees on their policies regarding:
  - The administration of formularies in the decision making process for pharmaceuticals
  - Use of formulary management tools to control the growth of healthcare costs and ensure appropriate utilization of products
  - The decision making process for formulary inclusions and exclusions
- In the US Market, approvals were granted for the following biosimilars[1]:
  - In 2015, 1 product: Zarxio (*filgrastim*-sndz) Sandoz's biosimilar of Neupogen
  - In 2016, 3 products: Inflectra (*infliximab*-dyyb) Pfizer/Celltrion's biosimilar of Remicade, Erelzi (*etanercept*-szzs) Sandoz's biosimilar of Enbrel, Amjevita (*adalimumab*-atta) Amgen's biosimilar of Humira
  - In 2017, 4 products: Cyltezo (*adalimumab*-adbm) Boehringer Ingelheim's biosimilar of Humira, Mvasi (*bevacizumab*-awwb) Amgen's biosimilar of Avastin, Ogivri (*trastuzumab*-dkst) Mylan GMBH's biosimilar of Herceptin, and Ixifi (*infliximab*-qbtx) Pfizer's biosimilar of Remicade
  - Amjevita (Amgen's biosimilar of Abbvie's adalimumab [Humira]), in 2016
- Of note:
  - Not all of the biosimilars have launched
  - Although developing and receiving approval to market biosimilar versions of other products, Amgen has sued Sandoz over patent issues related to a biosimilar of their product[2]

OBJECTIVES

- To determine the types of approaches preferred by Medical and Pharmacy Directors (MDs+PDs) of US health plans, insurers, and Pharmacy Benefit Managers (PBM) to enhance the P&T decision-making process and understand formulary reviews/coverage and changes from prior surveys
- A survey of Medical and Pharmacy Directors of US payors working with health plans, insurers, employer groups and PBMs focused on:
  - How Medical and Pharmacy Directors of US health plans, insurers, and PBMs:
    - Make formulary decisions
    - View their formulary review and coverage policies
  - Pharmacy & Therapeutics (P&T) committee evaluation process
  - Approaches preferred to enhance the decision-making process and understand formulary reviews/coverage
  - Requirements for and use of Academy of Managed Care Pharmacy (AMCP) dossiers and budget impact models
  - Thoughts about biosimilar agents that have entered or are likely to enter the market in the US
- Compare current results with prior surveys

METHODS

- An online, interactive survey was developed with 69 questions and included:
  - Yes / No questions
  - Lists for users to select single or multiple answers
  - Open-ended responses (i.e., what disease states most concern you?)
  - Invitations to participate were sent to Medical and Pharmacy Directors working with US health plans, PBMs, and insurers from the TPG-NPRT database in November 2017
  - Material or financial incentives were not offered for completion of the survey
- Topics included:
  - Plan coverage and benefit design:
    - Geographical coverage
    - Clinical-administered products (office administered products)
    - Coverage of mental health drugs
    - Changes desired in benefit design and coverage
    - Open ended questions on top concerns from medical and budgetary points of view and classes expected to experience the most growth
  - Plan requirements for and use of AMCP dossiers and budget impact models
  - Plan reviews for biosimilar agents that have entered or are likely to enter the market in the US
- Survey responses were compared with prior surveys
- Survey invitations were received and reviewed by 247 managed care decision makers

RESULTS

- A total of 77 respondents (31.2% response rate) completed the survey, some questions were not answered by all respondents
- Many respondents reported multiple degrees (Figure 1), and the most common degree was MD (57%)
  - 40.5% worked for health plans, 11.4% PBMs, 8.9% Integrated Delivery Networks (IDNs), 3.8% for Preferred Prescriber Organizations (PPOs) / Independent Provider Associations (IPAs), 1.3% for the Government, the remainder consultants
  - 39.2% of plans were national=39.2%, 27.5% were regional and 33.3% were local
  - The most commonly reported respondent titles were: Chief / Senior Officer (43%), Payor specific (19%), Regional (8.9%), or therapeutic area specific (1.3%)

Figure 1: Respondent Degrees

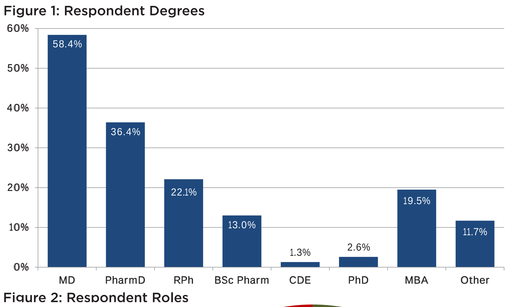
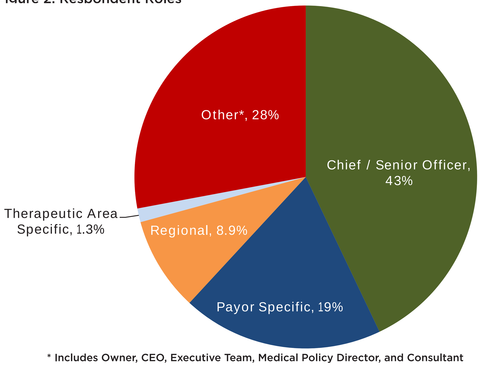


Figure 2: Respondent Roles

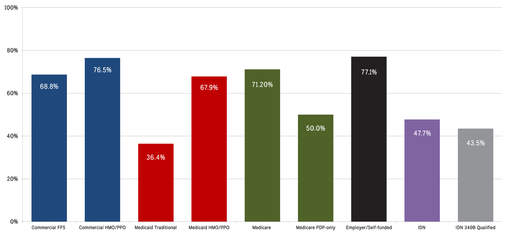


* Includes Owner, CEO, Executive Team, Medical Policy Director, and Consultant

RESULTS CONTINUED

- Plans could cover multiple types of members (Figure 3)

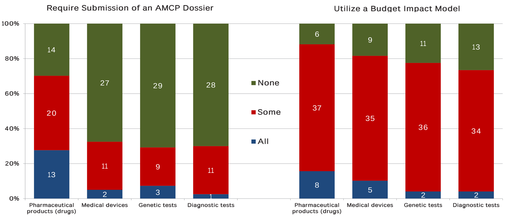
Figure 3: Plan Payor Types



FFS=Fee For Service; **HMO**=Health Maintenance Organizations; **PPO**=Preferred Provider Organization; **Medicare**=Care for the aged and special populations; **Medicaid**=Care for the poor

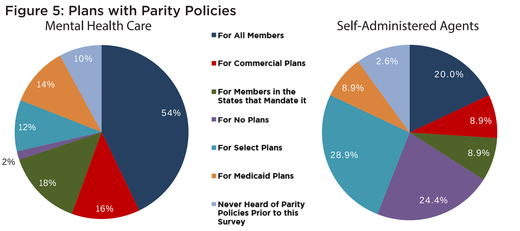
- Involvement in reviews of:
  - Pharmaceutical products 98.4% (65.6% always, 32.8% sometimes)
  - Medical devices 92.7% (34.5% always, 58.2% sometimes)
  - Genetic tests 84.2% (26.3% always, 57.9% sometimes)
  - Diagnostic tests 87.7% (22.8% always, 64.9% sometimes)
- Clinician-administered products were:
  - Always covered under the medical-benefit 44.1% (down from 55.6% in 2016 and 64.3% in 2015)
  - Exclusively under the pharmacy-benefit 1.4% (down from 4.4% in 2016 and 5.4% in 2015)
  - The remaining 54.2% benefit coverage was threshold/plan-design based (35.6% in 2016, 32.7% in 2015),
  - changes were: not anticipated (72.9%, 77.8% in 2016, 70.9% in 2015), expected by 12/18=8.5%, by 12/19=11.9% or by 12/20=3.4%
- Plan requirement for the submission of AMCP dossiers and budget impact models for committee reviews are shown in Figure 4

Figure 4: Requirements for Dossiers and Budget Impact Models (BIMs)



- Mental health (MH) products were carved-out by 27.3% of plans (previously 35.9%)
- Conditions with multiple MH therapies required generics first (63.8%, previously 41.2%), step therapy (68.1%, previously 41.2%) or psychiatrist/specialist care (29.8%, previously 17.6%)
- Parity policies in place for mental health products and self-administered agents are shown in Figure 5

Figure 5: Plans with Parity Policies



- Biosimilar use is expected for all reference product indications 53.1% (down from 59.5%), while 44.9% will restrict to approved indications (up from 31%) and 2% indication based
- In response to open-ended questions:
  - Although most were happy with their medical-benefit, among the 89.2% desiring a change, the most requested changes were:
    - Moving all drugs to the pharmacy-benefit where they can be managed (24.2%)
    - Having access to better data from electronic medical records, data integration, better reimbursement coding (15.2%)
    - A better prior authorization process (12.1%)
    - More disease management (9.1%)
  - Top concerns today and in the future included Cancer, Diabetes, and Cardiovascular diseases (Table 1)

Table 1: Top Concerns From Medical Care and Budgetary Points of View

Timeframe	Level of Concern	Point of View	
		Medical care	Budgetary
Today	1st	Oncology (25), Diabetes (10), multiple items (3)	Oncology (26), Diabetes (6), Hepatitis-C (5), Heart Disease (3)
	2nd	Diabetes (9), Heart Disease (7), Oncology (7), COPD (4)	Oncology (9), Heart Disease (7), Rheumatoid Arthritis (7), Hepatitis-C (5), Multiple Sclerosis (5)
	3rd	Heart Disease (13), Diabetes (8), Autoimmune (3), Mental Health (3)	Diabetes (10), Oncology (5), Heart Disease (4)
In 5 years	1st	Oncology (23), Diabetes (7), Obesity (3)	Oncology (28), Diabetes (4), Genetic Disorders (3), Rare Diseases (3)
	2nd	Oncology (11), Heart Disease (6), Diabetes (4)	Oncology (8), Rare Diseases (5), Diabetes (4), Heart Disease (4), Rheumatoid Arthritis (4)
	3rd	Diabetes (8), Heart Disease (8), Genetic Disorders (4), Rare Diseases (4)	Diabetes (7), Rare Diseases (6), Immunology (4)

- Respondents expect the growth over the next 5 years to be:
  - Highest: Oncology (20), Genetic Therapy (6), Biologics (4), Rare Diseases (4)
  - 2nd highest: Oncology (10), Rare Diseases (5), Immunotherapy (4)
  - 3rd highest: Oncology (7), Heart Disease (4), Immunotherapy (4), Rare Diseases (4)

CONCLUSIONS

- The managed care P&T Committee decision-making process is undergoing a series of changes
- Medical and Pharmacy Directors, who commonly serve as P&T Committee members, have distinct opinions as to how to alter the process to adapt to these influences
- Oncology continues to be a constantly growing concern for health plans
- Biosimilars offer potential for budgetary relief, however the timing is uncertain

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Citation: Brook RA, Carlisle JA, Smeeding JS. The 2018 US Payor Landscape: Trends and Results fromFormulary Management Surveys. *Value Health* 2018;21(5):A(xx)

SPONSORSHIP: TPG-NPRT (National Payor Roundtable)

Presented at the International Society for Pharmacoeconomics and Outcomes Research (ISPOR) 23rd Annual International Meeting Baltimore, MD May 19-23, 2018