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FALL 2020

EMI

Employer Market Intelligence

EMPLOYER MARKET
INFLUENCES & INFLUENCERS

A private ongoing, multiclient study.

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2020 Employer Market Influences & Influencers Report

Introduction

The 2020 Employer Market Influences & Influencers report examines employer and coalition decision making, including the influence of market dynamics and trends as well as the role of healthcare stakeholders (manufacturers, PBMs, health plans, benefit advisors, etc.).

Our study of 76 jumbo employers (5,000+ employees) and 34 employer health coalitions was conducted August-September 2020. Follow-up interviews with nine employers and coalitions probed deeper on their decision-making process, challenges and resource gaps as well as perspectives and experiences interacting with manufacturers and other healthcare stakeholders.

One particular objective of this research is to report on the relationships employers and coalitions have with biopharmaceutical and medical diagnostic manufacturers. A manufacturer “relationship” may entail support or project-based collaboration around health improvement initiatives, data analytics and benchmarking, employee/patient engagement or employer/coalition participation in manufacturer advisory boards. Collaboration results for individual manufacturers are shown for those with four or more employer and coalition relationships.

Clients utilize this report to develop strategies to effectively collaborate with employers and coalitions, to understand how these purchasers are working with their healthcare vendors, to benchmark program and account executive performance, and to identify opportunities to impact medication and product access based on information and resources of interest to employers and coalitions.

REPORT TOPICS:

- Trust, Collaboration and Influence of External Healthcare Stakeholders, Vendors, and Peers
- Medical Medication Management: Decision Making, Initiatives and Barriers to Activation
- Specialty Pharmacy Management: Decision Making & Considerations
- Factors & Information Elevating Drug or Drug Category on Radar
- Biosimilar Decision Making & Management
- Interest in Working with a Biopharmaceutical Manufacturer
- Satisfaction with Manufacturer Support, Best Account Executive Awards and Areas of Opportunity for Partnerships
- COVID-19 Impact on Benefit Design

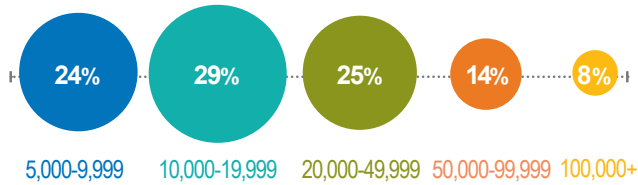
Each section concludes with implications and recommendations specifically for manufacturers.

Contact Sarah Daley at 314-656-2384 or sarah_daley@ajg.com with questions or comments about this report or the EMI Service.

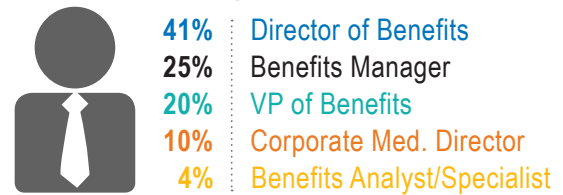
Employer Participant Panel

76 SURVEYS | 6 INTERVIEWS | 2.9 MILLION COVERED U.S. LIVES

Size of Employee Population



Respondent Organizational Position

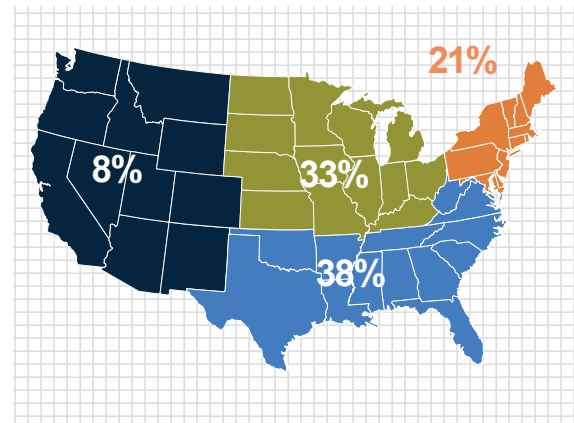


Industry Classification



7% Transportation; 5% Financial Services; 4% Energy; 4% Technology; 6% Other including: Agriculture; Hospitality/Restaurant/Entertainment; Public Entity; Religious Institution

Geographical Breakdown of Employers

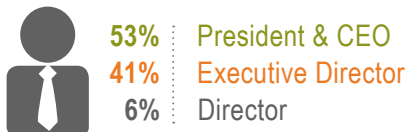


Coalition Participant Panel

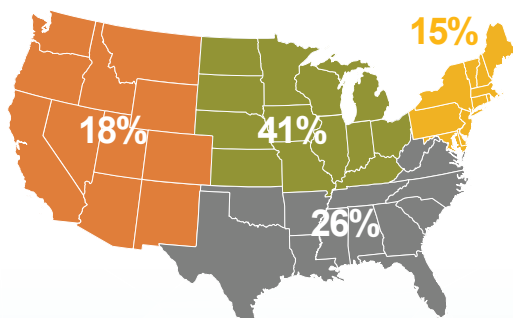
34 SURVEYS | 3 INTERVIEWS | 37.8 MILLION MEMBER LIVES

A Coalition is a membership organization made up of Employers and other healthcare stakeholders in a market area that provides a forum for educational conferences, assistance with benefit design, healthcare cost and quality initiatives and, in some cases, purchasing of healthcare products and services.

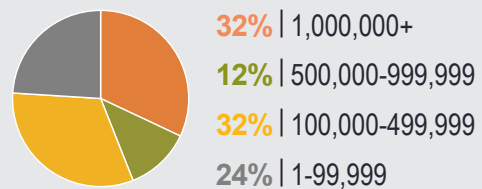
Respondent Organizational Position



Geographical Breakdown of Coalitions



Member Lives Represented by Coalition Participants



Provide Group Pharmacy Benefit Purchasing



See Appendix Figures A7 and A8 for a Full List of Employer and Coalition Participants

Employers Rely Heavily on Consultants and Health Plans to Navigate the Pandemic

As COVID-19 upended planning and expectations for 2020, employers turned to various healthcare stakeholders to help navigate the changes and plan for 2021. Survey results show some differences from where employers typically turn for guidance.

Employers reported that benefits consultants most often provided useful information during the pandemic (75%), followed by health plans (68%). Although employers often turn to PBMs for advice in other benefits matters, respondents were less likely to do so during the pandemic (47%). One-third of respondents (33%) turned to a health coalition to help navigate the crisis, but this number increases to 54% when looking only at employers who are coalition members.

COVID-19 Prompted Coalitions to Double Down on Educational Initiatives

Like employers, the pandemic caused coalitions to pivot quickly from their 2020-2021 priorities and programming. Coalitions also had to gain and share expertise to assist their members through the pandemic. Consequently, a number of initiatives grew in prominence throughout the year because of COVID-19. Educational and networking conferences, already one of coalitions' core competencies, increased in importance for 59% of respondents. Health and wellbeing programs (47%) and leadership forums to address issues in the local marketplace (47%) also jumped in importance for many coalitions.

The other activities that increased in importance demonstrate the range of services and information coalitions drew upon to assist members. For instance, a subset of respondents found initiatives related to physician and hospital outreach (32%), benefit design (21%) and political representation (18%) of increased importance, albeit less commonly than other initiatives.

“We pivoted to doing a lot of education on COVID to address employer issues like screening, testing management for return to work and projected costs. We moved some of our other agendas forward related to health and wellbeing and disease management, but with a COVID spin. With what we’re doing now, we always try to answer the question, ‘What does this mean for COVID?’ We were doing a lot around obesity and diabetes, which are major risk factors for a bad outcome from COVID.”

– President & CEO, Coalition

“Initially in March, employers were struggling and the information pipeline was confusing, so we set up weekly meetings in an open forum format, and asked them ‘What do you need our help with?’ It also became an opportunity for the employers to help each other on policies, such as testing, temperature checks, and locating PPE and test kits. We brought in people to speak with them and provided them with resources.”

– President & CEO, Coalition

**TOP
PANDEMIC-RELATED
INFORMATION SOURCES
FOR EMPLOYERS:**

- 1. Benefits Consultants**



- 2. Health Plans**



Coalitions pivoted to provide COVID-related employer member support via enhanced educational & networking services, health & wellbeing offerings and leadership forums

Figure 3: Stakeholders that Provided Information, Education or Resources that Significantly Helped Employers Navigate the COVID-19 Crisis

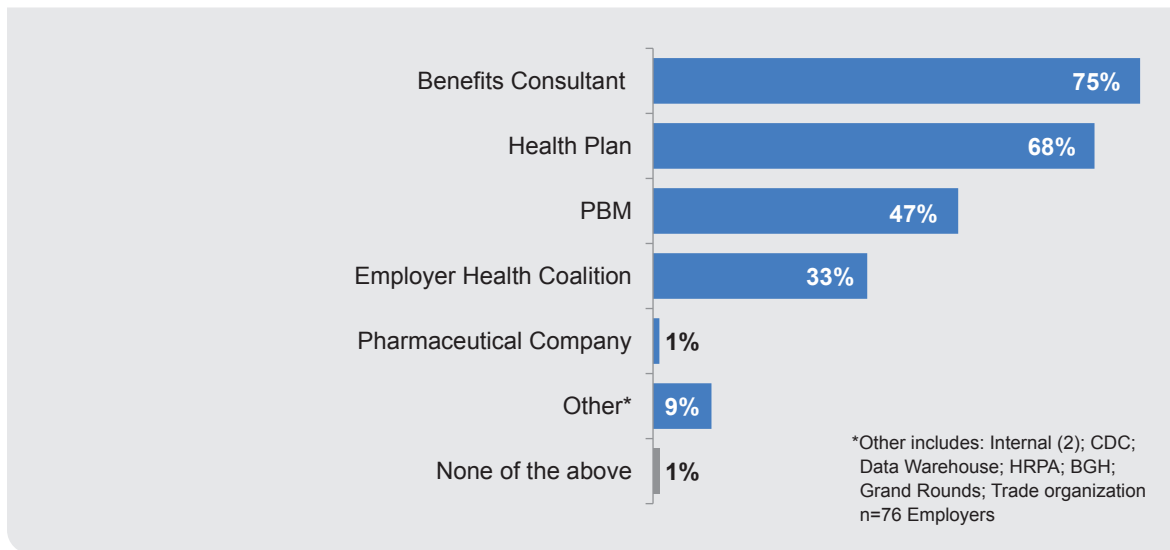
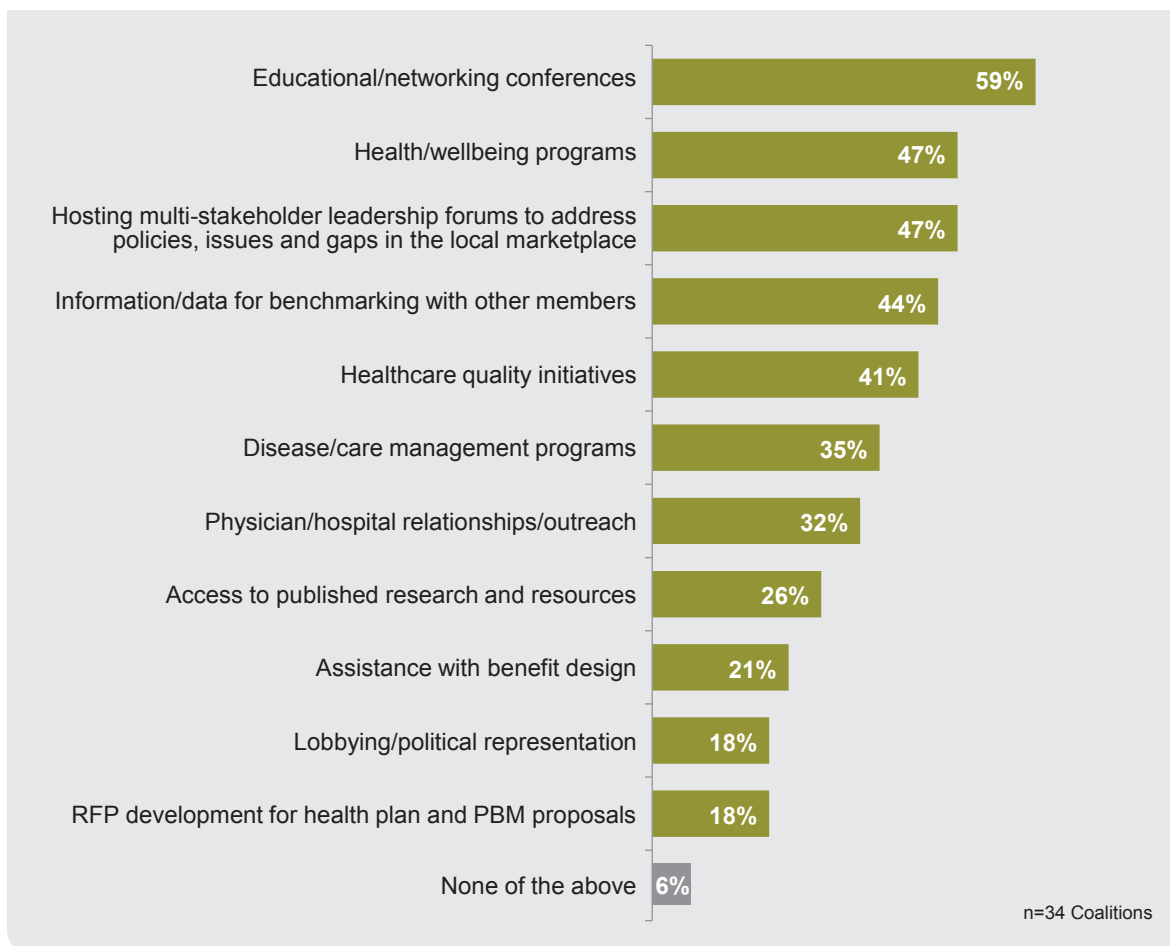


Figure 4: Increased Importance of Coalition Initiatives due to COVID-19



Employers Rely Most Heavily on Pharmacy Advisors for Medical Rx Management Expertise, but Many are Open to Manufacturer Input

The pharmacy advisor is the most likely stakeholder to be “highly influential” in medical medication decisions (48%), followed by the PBM (40%) and general benefits consultant (37%). Just 17% of employers report health plans/carriers as highly influential. To date, employers are largely unimpressed with the ability of their health plan to manage medical benefit drugs, while the PBM is more likely able to provide cost comparisons and management tactics. The reality is that PBMs are financially motivated to offer solutions for medical medication issues while health plans/carriers benefit in maintaining the status quo.

“The ability to affect drugs within the medical system just feels very difficult for an employer. A lot of employers are lacking clinical support in the Rx space right now. They’re working with their PBM but specialty Rx on the medical carrier side of the house is top of mind in the conversation.”

– AVP Global Benefits, Employer

Over half of employers who have interacted with manufacturers ranked them as moderately influential (52%). This means that when manufacturers engage with employers on influencing the medical management of their products and services, they are having an impact.

“We all have to get to a point to where we are talking face to face. I wasn’t aware of the walls and restrictions that some PBM put on the manufacturers to keep them from sharing information with us. It goes through them and gets filtered or modified.”

– Executive Director of Benefits, Employer

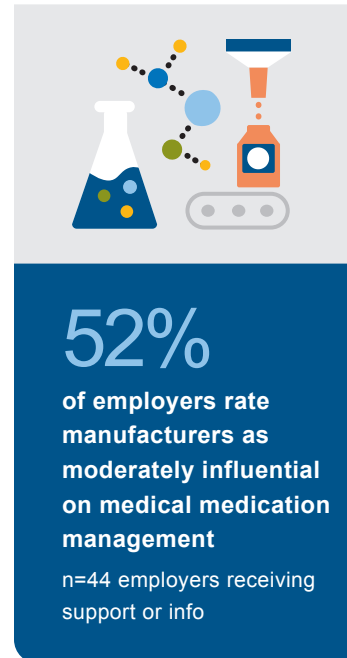
Employers Leverage Expertise from a Variety of Stakeholders

The general benefits advisor is the quarterback of the overall process of specialty medications delivered through the medical benefit. It makes sense, since this is a complex issue overlaying a number of different vendors for both the pharmacy and medical benefits. Right now, it appears those efforts are focused on benefit design and site-of-care decisions and managing the efforts across these different vendors.

The PBM, and by extension the SPP, are viewed as the specialty drug expert and mostly influence formulary management, specialty drug pipeline assessment and analysis of total medical specialty spend. The health plan/carrier maintains their influence over the medical/clinical care management program. Secondarily, a pharmacy advisor is asked to weigh in on benefit design, formulary selection and pipeline medications, and the health plan is asked to weigh in on total specialty medical spend and site-of-care solutions, since it is likely to impact them.

Keep your eyes on the quarterback as new plays are developed to improve the management and cost of specialty Rx delivered through the medical benefit. Secondarily, keep your eyes on those bringing new solutions to market, as the importance of those advisors/experts could increase regardless of where they sit in the supply chain.

Employers wrote in additional resources they use to manage medical channel medications. Analytics support is a frequent mention, sourced internally (analytics, benefits teams and medical specialists), or from data warehouse vendors. Employers also use third parties, such as the Health Transformation Alliance or their data vendor, IBM Watson.



The general benefits advisor is the quarterback of the overall process of specialty medications delivered through the medical benefit

Figure 16: Stakeholder Influence on Management of Specialty Medications Delivered through the Medical Benefit

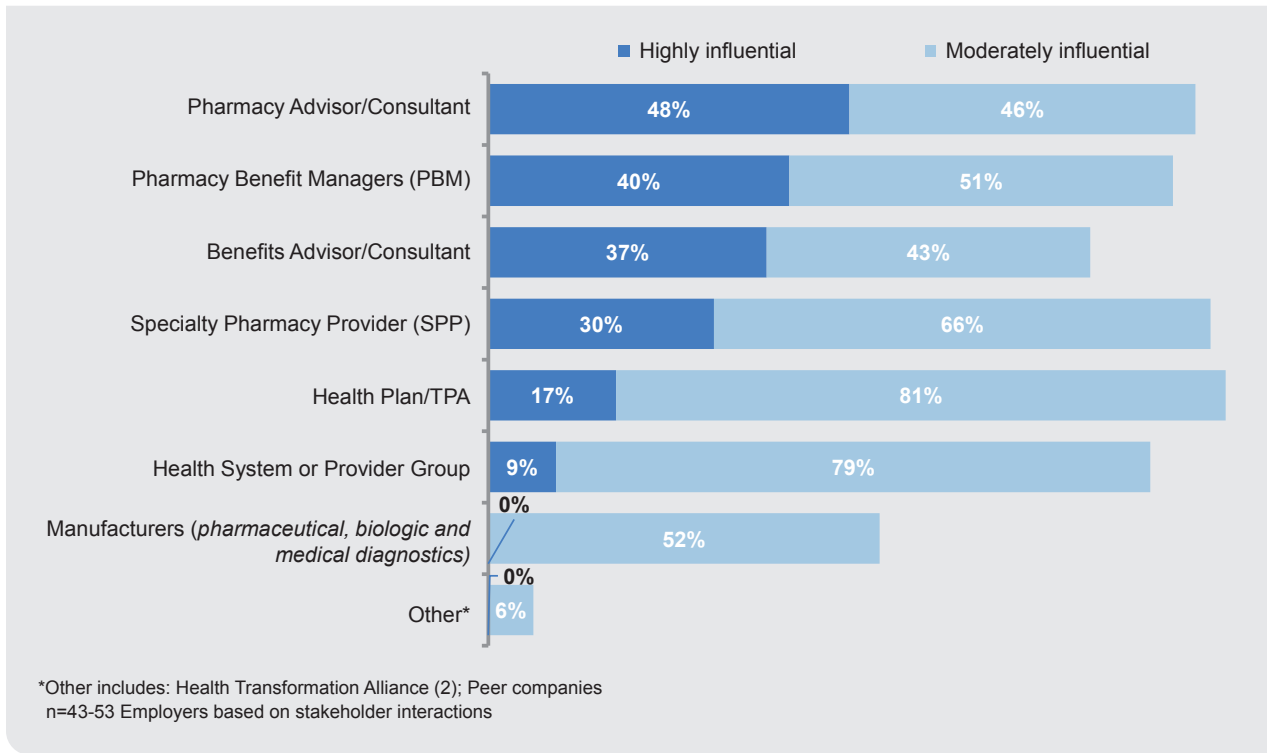


Figure 17: Stakeholder Influence on Medical Medication Decisions by Type

	Benefits Advisor/Consultant	Pharmacy Advisor/Consultant	PBM	Health Plan/TPA
Benefit design	PRIMARY	SECONDARY		
Formulary selection, including preferred drug list and exclusions		SECONDARY	PRIMARY	
Program management			SECONDARY	PRIMARY
Clinical management			SECONDARY	PRIMARY
Understanding and preparing for medication pipeline		SECONDARY	PRIMARY	
Analysis of total medical spending on specialty/biologic medications			PRIMARY	SECONDARY
Solutions for cost issues related to site of care	PRIMARY			SECONDARY

Additional detail available in Appendix
n=54 Employers

Employer & Coalition Engagement with Manufacturers

The following section examines manufacturer (pharmaceutical, biologic and medical diagnostic) engagement in the employer market over the last 12 months. In addition to gauging employer and coalition interest in resources, results highlight manufacturer interactions and related satisfaction and outcomes. “Best Account Executive” awards are also featured.

INTEREST IN MANUFACTURER COLLABORATION

A Majority of Employers Show Interest in Information & Resources from Manufacturers

In line with past research, seven in ten employers (71%) are currently interested in manufacturer support. Moreover, the proportion identifying as “very interested” is up 11 percentage points from the previous 5-year average (28% vs. 17%). Follow-up discussions with employers revealed that there is no perfect formula for collaboration with manufacturers and that employers are open-minded about possibilities.

“The benefit of working with a manufacturer is getting back to what’s best for the individual patient and total cost of care. It might be pharma is the ‘big scary bad guy’ but maybe they’re not. I think we can find unique arrangements and structures there.”

– AVP Global Benefits, Employer

“There’s a [growing] recognition with manufacturers that more and more employers have a choice in how they structure their contracts. We have the flexibility and control to customize our own formulary. We’re the ultimate buyer, and we may not always agree with the PBM, and that matters.”

– Director of Benefit Strategy, Employer

“Collaboration [with manufacturers] allows us to share information about where we’re each coming from. We haven’t found that silver bullet yet, but I’ll keep talking with them and we’ll keep trying.”

– Director of Benefits, Employer

As a Steadfast Partner, Coalitions Appreciate the Value of Manufacturer Support

Most coalitions express interest in the resources manufacturers provide (56% very and 38% moderately interested). As a natural convener of stakeholders that can contribute to improving healthcare in their market, coalitions tend to be more open to manufacturer collaboration when compared to employers. Further, coalition interest is a reflection of worthwhile collaboration experiences to date. In fact, nearly two-thirds of coalitions are in high agreement that manufacturer support brings value to their organization (63%), and 56% believe it helps their members improve their benefit offerings.

Increased flexibility on the part of the manufacturer would be a welcome improvement for coalitions. Fewer than one in four respondents feel that offerings can be tweaked to fit the coalition’s unique needs, and that account executives have adequate autonomy within their company to make efficient decisions.

“Manufacturers have been good to our coalition when supporting educational programs, and that’s important.”

– President & CEO, Coalition

“Manufacturers have a lot of expertise in their health outcomes and research departments. They’re really good with data and teaching employers how to look at their own data.”

– President & CEO, Coalition

Employer interest in manufacturer information and support is growing

28%

very interested
(+11 pts. vs. 5-year avg.)

43%

moderately interested

“We work with pharmaceutical companies because they have expertise and information. Where we have better manufacturer relationships, we have open lines of communication and we’re getting good information or tools that we share with our members.”

– President & CEO, Coalition

Figure 33: Employer Interest in Receiving Health Management Information & Resources from Manufacturers

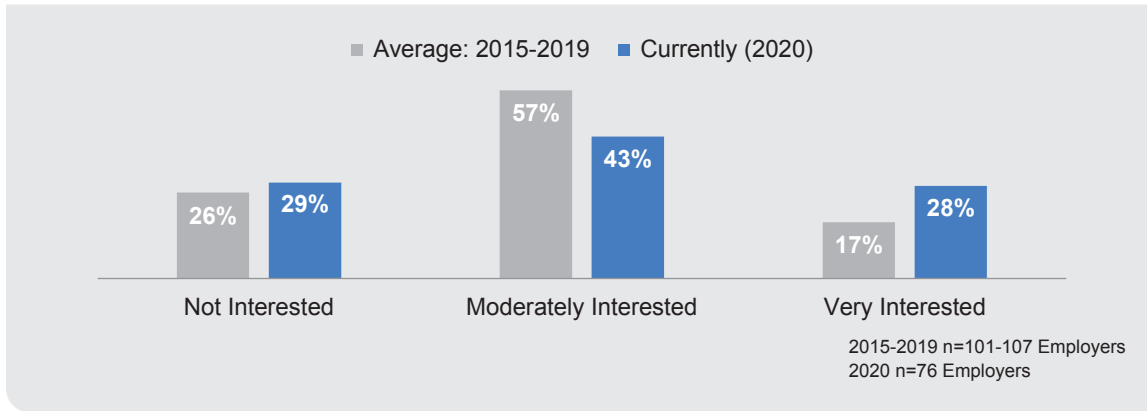


Figure 34: Coalition Interest in Receiving Health Management Information & Resources from Manufacturers

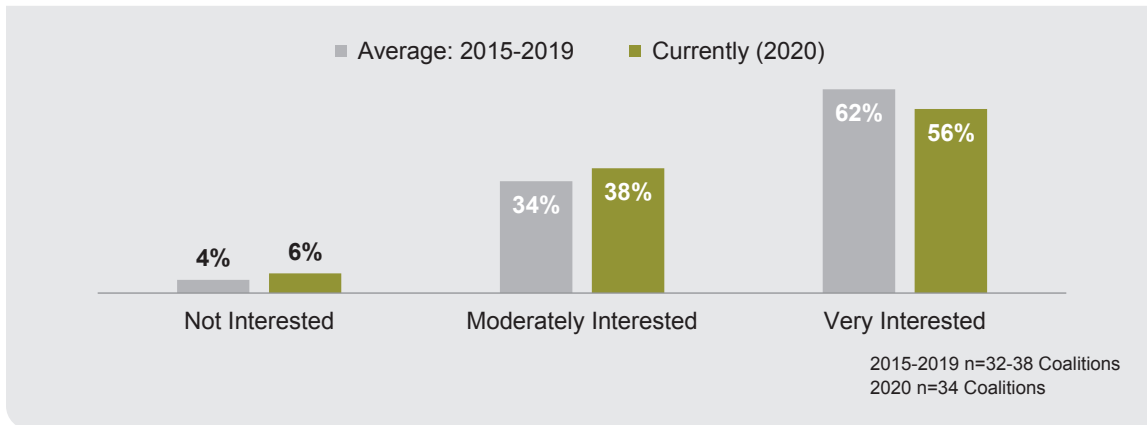


Figure 35: Coalition Perspectives on Manufacturer Collaboration Experiences
(percent high agreement)



Figure 36: Number of Employers & Coalitions Reporting Manufacturer Relationships

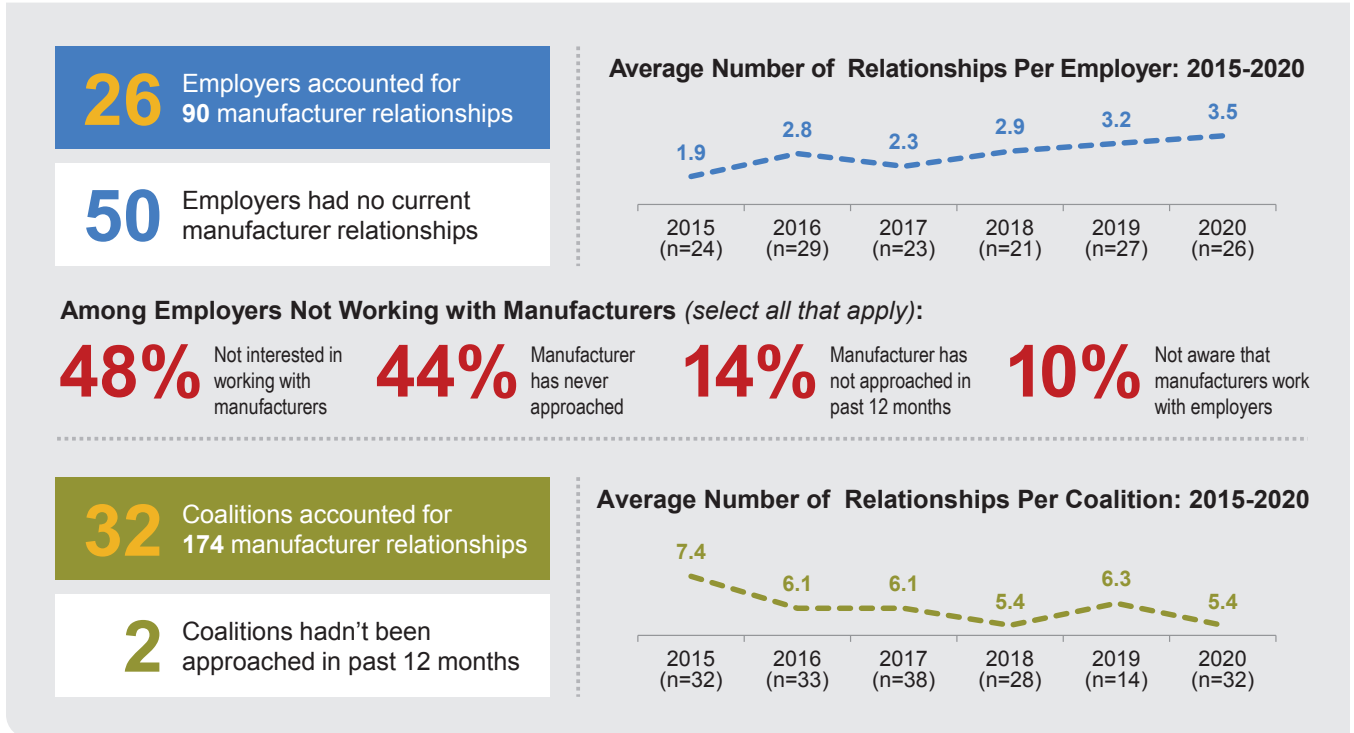


Figure 37: Number of 2020 Employer & Coalition Relationships by Manufacturer

Biopharmaceutical or Medical Diagnostic Manufacturer	Number of Relationships			Biopharmaceutical or Medical Diagnostic Manufacturer	Number of Relationships		
	Employer (n=90)	Coalition (n=174)	Total (n=264)		Employer (n=90)	Coalition (n=174)	Total (n=264)
Merck	10	28	38	Lilly	4	3	7
Novo Nordisk	10	26	36	GlaxoSmithKline (GSK)	2	3	5
Pfizer	14	18	32	Boehringer Ingelheim	1	4	5
AbbVie	7	18	25	Alkermes	4	0	4
Amgen	8	13	21	Bristol-Myers Squibb (BMS)/Celgene	0	3	3
Johnson & Johnson Health Care Systems*	4	17	21	Bayer	1	1	2
Genentech/Roche	4	11	15	Takeda	0	2	2
Sanofi	2	12	14	Teva	1	0	1
Novartis	5	5	10	Other**	7	8	15
AstraZeneca	6	2	8				

Notes: Relationships reported span from September 2019–August 2020. Highlighting indicates manufacturers with four or more relationships.
 *Johnson & Johnson Health Care Systems includes Janssen and J&J Medical Devices and Diagnostics; **Other includes: Abbott Diabetes Care; Amarin; Coherus (2); Exact Sciences (2); Greenwich; Guardant Health; Heron Therapeutics (2); Lifescan, Lundbeck, Pacira (2); UCB



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