

2022 Special Report on Employer Market Activation

Part of the Employer Market Intelligence Syndicated Research

Research Preview | Fall 2022



Gallagher

Insurance | Risk Management | Consulting

Table of Contents

- » Executive Summary
- » Panel & Research Methodology *(page 6)*
- » Pharmacy Benefit Management *(page 7)*
 - Employer Engagement with Healthcare Stakeholders
 - Satisfaction of Resources Received
 - Employer Perception of Stakeholder Trustworthiness
 - Resources, Data & Evidence Informing Benefit Decisions
 - Manufacturer Implications
- » Medical Management of Specialty Medications *(page 16)*
 - Stakeholder Influence on Specialty Medications under the Medical Benefit
 - Barriers to Management
 - Biosimilar Management
 - Manufacturer Implications
- » Coalition Engagement with Healthcare Stakeholders *(page 23)*
 - Coalition Engagement with Stakeholders
 - Coalition Perception of Stakeholder Trustworthiness
 - Resources, Data & Evidence Informing Benefit Management
 - Manufacturer Implications
- » Peer Influence & Market Activation Features *(page 29)*
 - Beacon Health System
 - Cracker Barrel
 - Quest Diagnostics, Hemophilia Foundation and Aetna
 - EmsanaRx & Cleveland Clinic Foundation
- » Manufacturer Ratings and Rankings from Employers and Coalitions *(page 41)*
 - Interest in Manufacturer Collaboration
 - Snapshot of Manufacturer Activity
 - Overall Satisfaction
 - Manufacturer Account Executive Awards
- » Appendix *(page 58)*

PANEL & RESEARCH METHODOLOGY

Research Objective: To understand employer market activation and manufacturer collaboration driven by jumbo, self-insured employers. This research explores health management strategies, pharmacy benefit influencers and provides an in-depth examination of the role of manufacturers (biopharma, digital health and diagnostics) in employee health management.



86 JUMBO* EMPLOYER SURVEYS

58% | Director of Benefits
21% | VP of Benefits
14% | Benefits Manager/Analyst
7% | Medical Director

2.4 M EMPLOYER COVERED LIVES

Average Employer Size: 28K U.S. Employees

29% Have a **Corporate Medical Director** (on staff or contract)



30 EMPLOYER COALITION SURVEYS

43% | Executive Director
40% | President/CEO
10% | Director
7% | Vice President

24.8 M COALITION LIVES REPRESENTED

Average Coalition Size: 827K Lives Represented

47% Provide **Pharmacy Group Purchasing**



14 STAKEHOLDER DISCUSSIONS

10 Employer Interviews
4 Coalition Interviews

*Jumbo = 5,000+ U.S. Employees
See Appendix for additional details and a list of survey participants

Employer Engagement with Stakeholders on Pharmacy Benefit Management & Decision Making

Pharmacy benefit decisions are often vetted through multiple stakeholders—employers report high engagement with an average of at least three. They're most highly engaged with their benefits advisors (70%) and their PBM (65%). Overall, 55% of employers report high engagement with pharmacy advisors. Among only those that work with a pharmacy specialist (see page 9) high engagement jumps to 73%.

Just over half (52%) report high engagement with their health plan or TPA. Not shown, 31% of employers have integrated medical and pharmacy benefit vendors (i.e., UHC).*

Approximately one-fifth (19%) report moderate to high engagement with alternative funding vendors. This is notable given their relatively new emergence onto the healthcare landscape. Ten percent of employers have this program in place* (see page 61).

Just 20% are moderately to highly engaged with biopharmaceutical manufacturers. This statistic does little to illustrate the complex and evolving relationship that employers have in working with biopharma (see page 41).

“We rely primarily on the PBM to make recommendations but there's a balance where we will rely on the consultant to confirm. And then we take that information and assess if it makes sense for our population.”

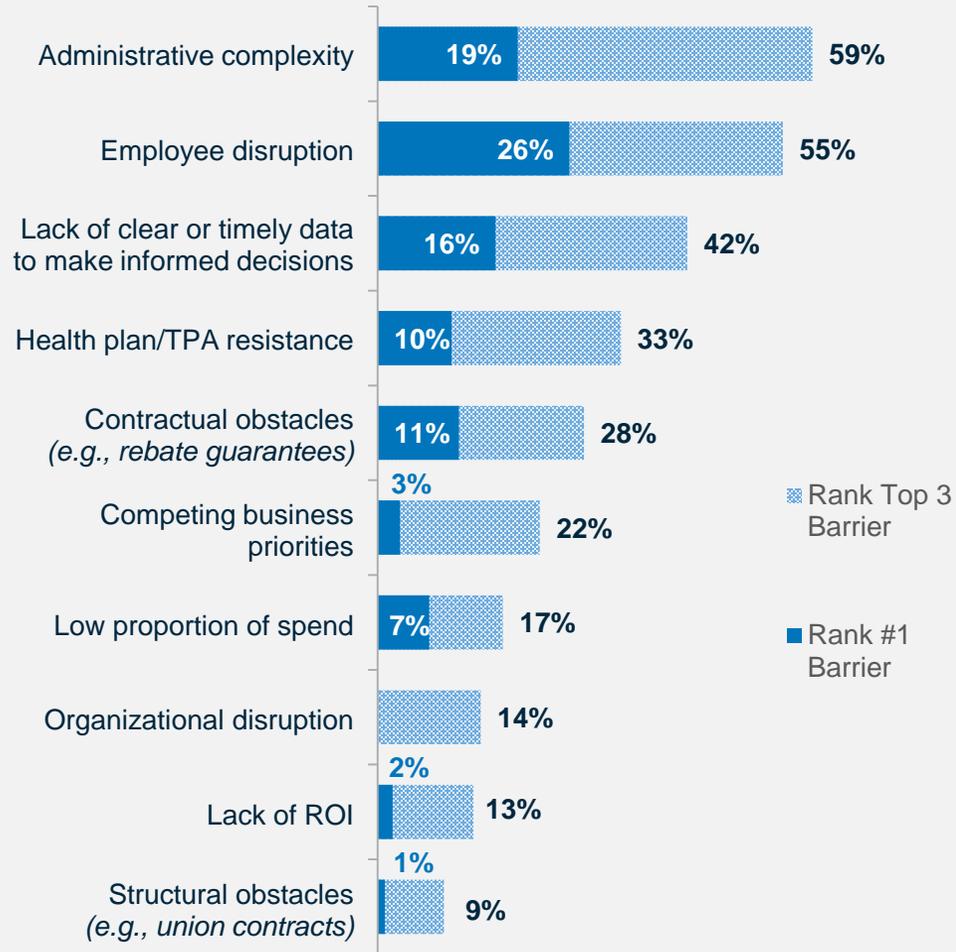
—Director, Health and Wellbeing, Employer

	Moderate Engagement	High Engagement
Benefits Advisors/Consultants	20%	70%
Pharmacy Benefit Managers (PBMs)	31%	65%
Pharmacy Advisors/Consultants	34%	55%
Health Plans/TPAs	36%	52%
Specialty Pharmacy Providers (SPPs)	43%	27%
Point Solution/Digital Health Vendors (e.g., Lyra, Virta, Hinge Health)	27%	21%
Health Systems or Provider Groups	31%	15%
Pharmacy Risk Management Carve-Out/Overlay Vendors (e.g., Archimedes, RxResults)	13%	10%
Alternative Funding Vendors (e.g., SHARx, Payer Matrix)	15%	4%
Biopharma Manufacturers	19%	1%

Not shown, 3% Other includes: Analytics vendor; Data warehouse; Rx collective
n=86 Employers

*According to our 2022 EMI Trends Research

Greatest Barriers to the Management of Specialty Medications under the Medical Benefit



Not shown: 8% Other includes Lack of internal resources; Medical claim processing systems; No PBM control, no rebates, no price negotiation; No price transparency for specialty medications that flow through medical plan; Organization policy/belief; None (2)
n=86 Employers

Actively managing specialty medications that flow through the medical benefit is notoriously more difficult than doing so on the pharmacy side.

Employers are most commonly held back from medical benefit management by administrative obstacles. This barrier reflects the convergence of several factors, such as reliance on lagging claims to make forward-looking decisions, pushback from providers who receive significant revenue from buy and bill, and opaque coding and pricing data.

Looking at the number one rank only, employee disruption is cited by over one-quarter of respondents. There is concern that tighter management of medical specialty medications could compromise physician recommendations and treatment pathways as well as existing medication usage.

The lack of clear and timely data is also a top challenge, as medical benefit codes are not as precise (e.g., deciphering specific drugs and dosing from J-Codes) and not as frequently provided. Where pharmacy claims are real-time, medical claims come through much later. Oftentimes, a medication is already administered before the payer gets a claim, and the patient is liable for the cost of a medication they didn't know was not covered

“Operationally it's hard [to manage medical Rx]. You get a lot of pushback from the treating physicians. When I address some of the oncology providers, they talk about the waste that brown bagging your therapies creates...if certain lab tests comes back, they can or can't execute on therapy so they've seen a lot of waste in the 10s of thousands of dollars because they cannot proceed.”

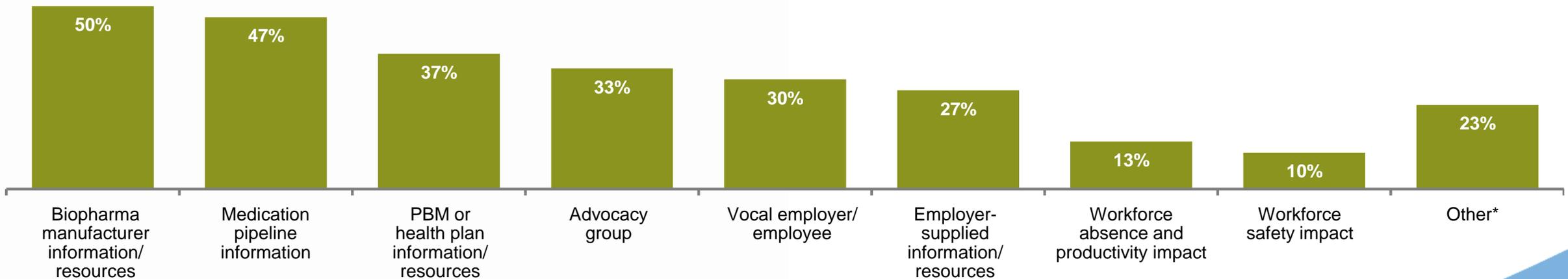
–Sr. Director of Employee Health, Employer

Factors Elevating Drugs or Drug Categories in the Last 12 Months—Coalitions

Half of coalitions report that biopharma resources have been key in elevating drug categories on their radar within the last year. Pipeline information was the reason medications showed up on their radar for 47%. For approximately 30%, a vocal employer/employee or employer-supplied information was the spark that drove their attention toward a medication.

When asked to provide details on the drugs or categories on coalitions’ “monitor/action” list, the following were top mentions:

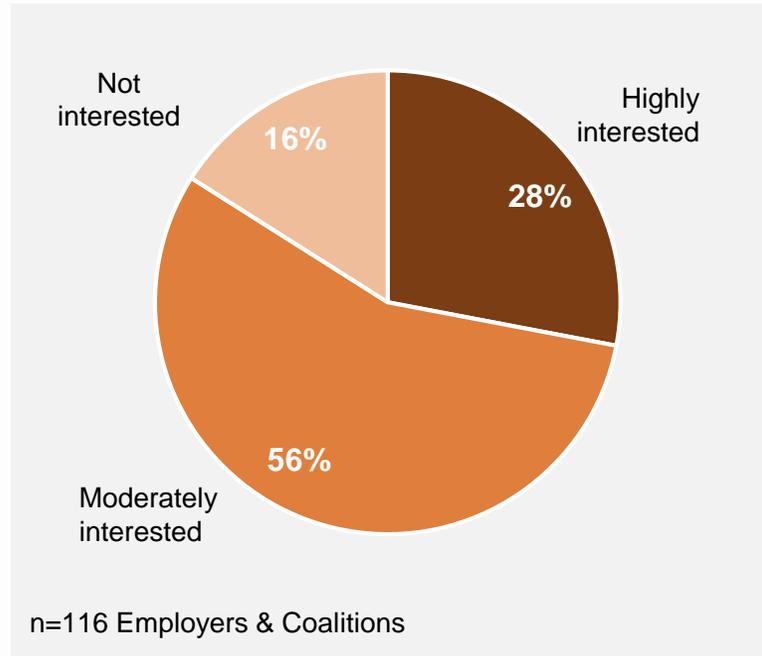
- » Biosimilars
- » Specialty medications
- » CAR-T/Cell & Gene Therapy
- » Anti-obesity medications
- » Humira
- » Enbrel



*Other includes: 340B black box; Annual cost; Rx thought leaders; Increased cost; Impact of key intermediaries on employer costs; National trends reports; Widening disparities in drug prices in the U.S. as compared to Europe
n=30 Coalitions

Employer & Coalition Interest in Receiving Health Management Information & Resources from Manufacturers

OVERALL INTEREST (EMPLOYER & COALITION)



Manufacturers engage directly with employer/coalition decision makers to gain access, reimbursement, properly position or pull through their products and services with the “ultimate purchasers of healthcare services,” sometimes in alignment, but often countering actions from PBMs, health plans and consultants.

The highest value collaborations go beyond messaging and involve engagements to address a health challenge through a pilot program, claims analysis, research initiative or population health effort, and ultimately documenting and disseminating results to their peers.

Combined, 84% of employers and coalitions are moderately or highly interested in engaging with manufacturers.

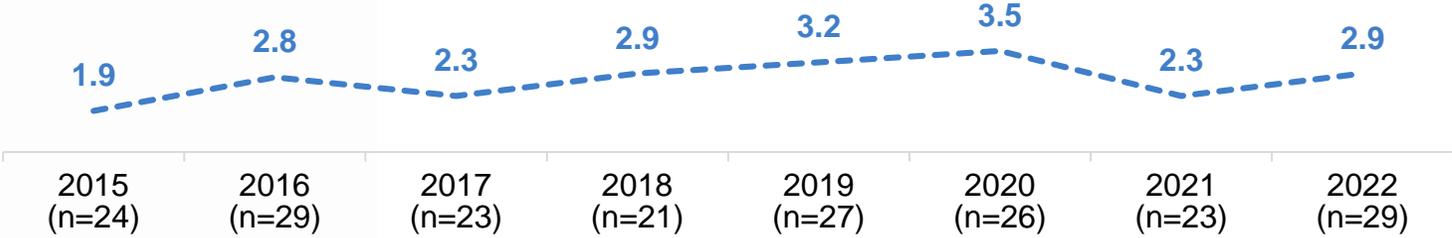
Employer & Coalition Manufacturer Relationships Results

A relationship is defined as interaction with a biopharmaceutical, digital health and diagnostics manufacturer in the past 12 months (August 2021–July 2022)

29 Employers accounted for 84 manufacturer relationships

57 Employers had no current manufacturer relationships

Average Number of Relationships Per Employer: 2015–2022



Reasons Employers are Not Working with Manufacturers (select all that apply):

37% Manufacturer has never approached

32% Not interested in working with manufacturers at this time

28% Not aware that manufacturers work with employers

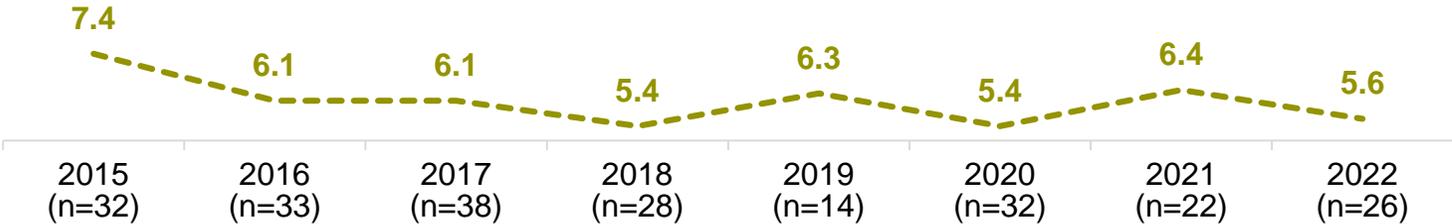
7% Manufacturer has not approached in past 12 months

Other includes: Handled by the health plan; Rely on pharmacy advisor to bring forth opportunities.

26 Coalitions accounted for 145 manufacturer relationships

4 Coalitions had no current manufacturer relationships

Average Number of Relationships Per Coalition: 2015–2022



Demonstrated Attributes of Manufacturer Engagement—Employers & Coalitions

PERCENTAGE AGREEING



n=229 Employer- & Coalition-Manufacturer Relationships

Employer market collaboration works best when it's a win-win-win for those involved, achieving outcomes that benefit the employer/coalition, manufacturer and ultimately the employee/patient. Employers and coalitions that have engaged with manufacturers in the last year were asked to identify the results. Most commonly (61%), respondents felt that manufacturers bring valuable support to their organization, such as medical and pharmacy insights and data, health economic research expertise and/or financial funding for local/regional/national health initiatives.

Customization of offerings that meet the unique needs of the organization are highly valued, yet only achieved by 44%. They require a degree of flexibility on the part of the manufacturer as an organization and autonomy for account executives.

Room for growth is evident in the area of account executive autonomy, where just 28% agree that their contact has the ability to efficiently make decisions and move collaboration efforts forward.

Contact Us with Question or Comments

Scott Thompson

Area President

Scott_Thompson@ajg.com | 630.561.1443

Sarah Daley

Exec. Research Director

Sarah_Daley@ajg.com | 314.656.2384

Cristin Levine

Associate Research Director

Cristin_Levine@ajg.com | 314.656.2387



Gallagher

Insurance | Risk Management | Consulting