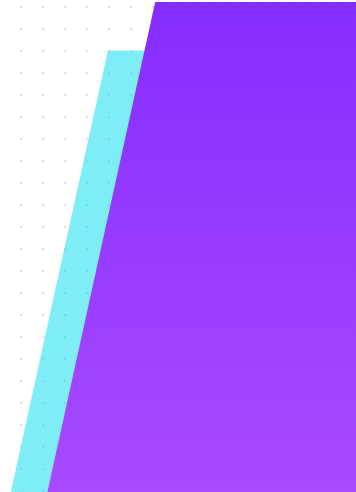




U.S. Payer Sentiment Report: Challenges, Opportunities & Insights for 2023 & Beyond

Published November 2022



Objectives of this report were driven by YOUR pressing payer questions!

We asked Sermo clients to submit questions for our first installment of the “US Payer Sentiment Series.”

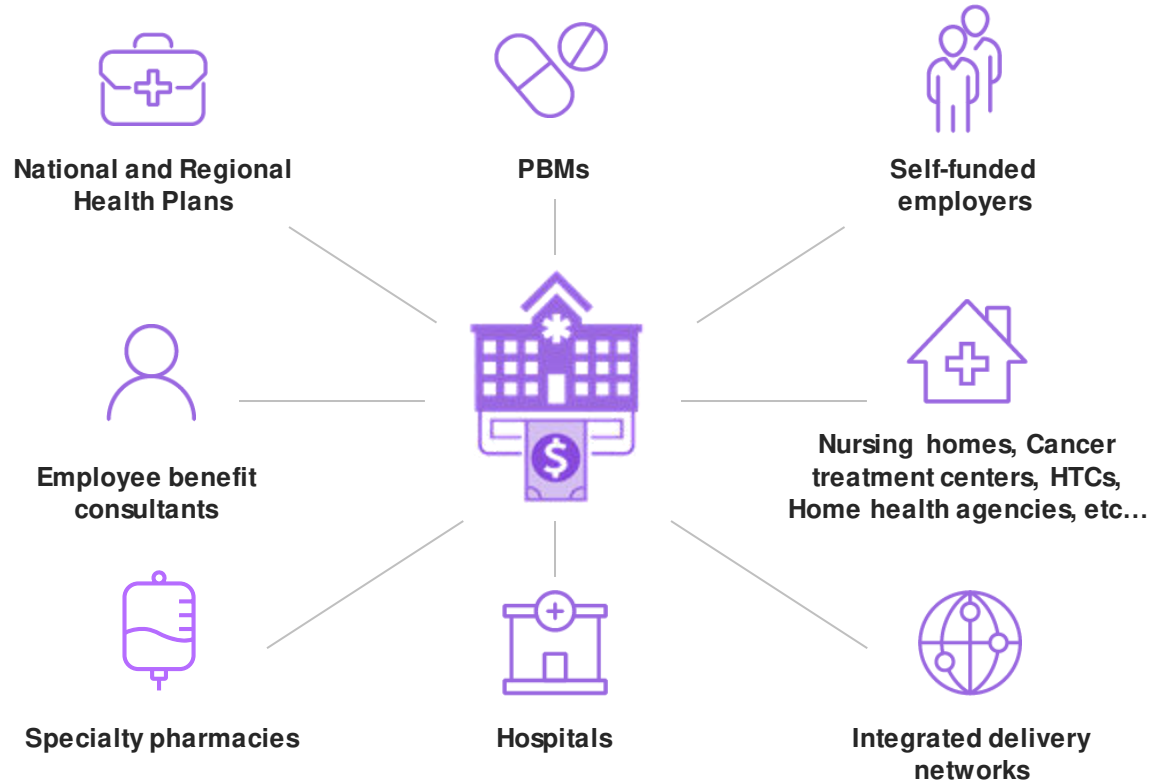
We received over 50 submissions with most questions focused on a core set of themes.

Key Insights Covered in This Report:

- Biggest challenges facing payers today
- How manufacturer partners can help
- Channel preferences & trusted infosources
- Anticipated impact of the Inflation Reduction Act
- How to incorporate/handle digital healthcare



The “payer” classification can be used to mean different things to different audiences. Depending on the business context, we need to adjust our definition of “payer”



Based on questions submitted by clients, we used a hybrid Qual/Quant design



Exploratory Qual Interviews

- Five (5) 60-minute qualitative telephone interviews of Pharmacy Directors and Medical Directors from large national health plans
- Fielded October 19-20, 2022
- Insights used to inform quant survey design

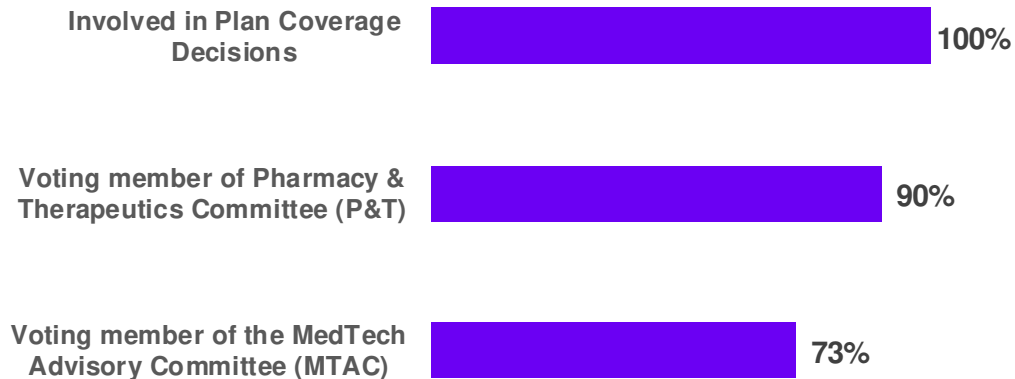


Online Quant Survey

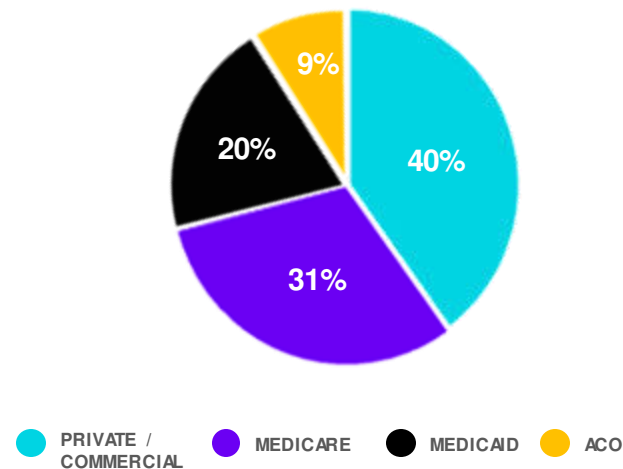
- Online, largely closed-ended survey of n=30 Pharmacy Directors and Medical Directors from our payer panel
- Wide mix of Plan Types 2022
- Sample represents more than 200 million total lives covered across lines of business

We screened payers to ensure we targeted only executives influential in making medical and pharmaceutical products available to patients within their plan

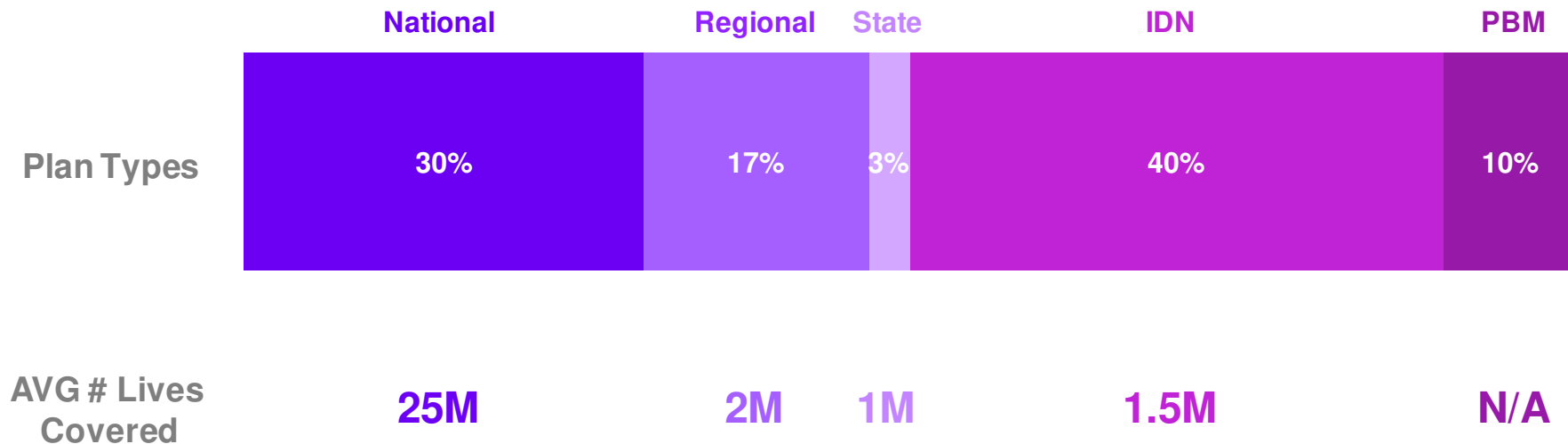
Influence on Coverage Decisions



Mix of Business Lines



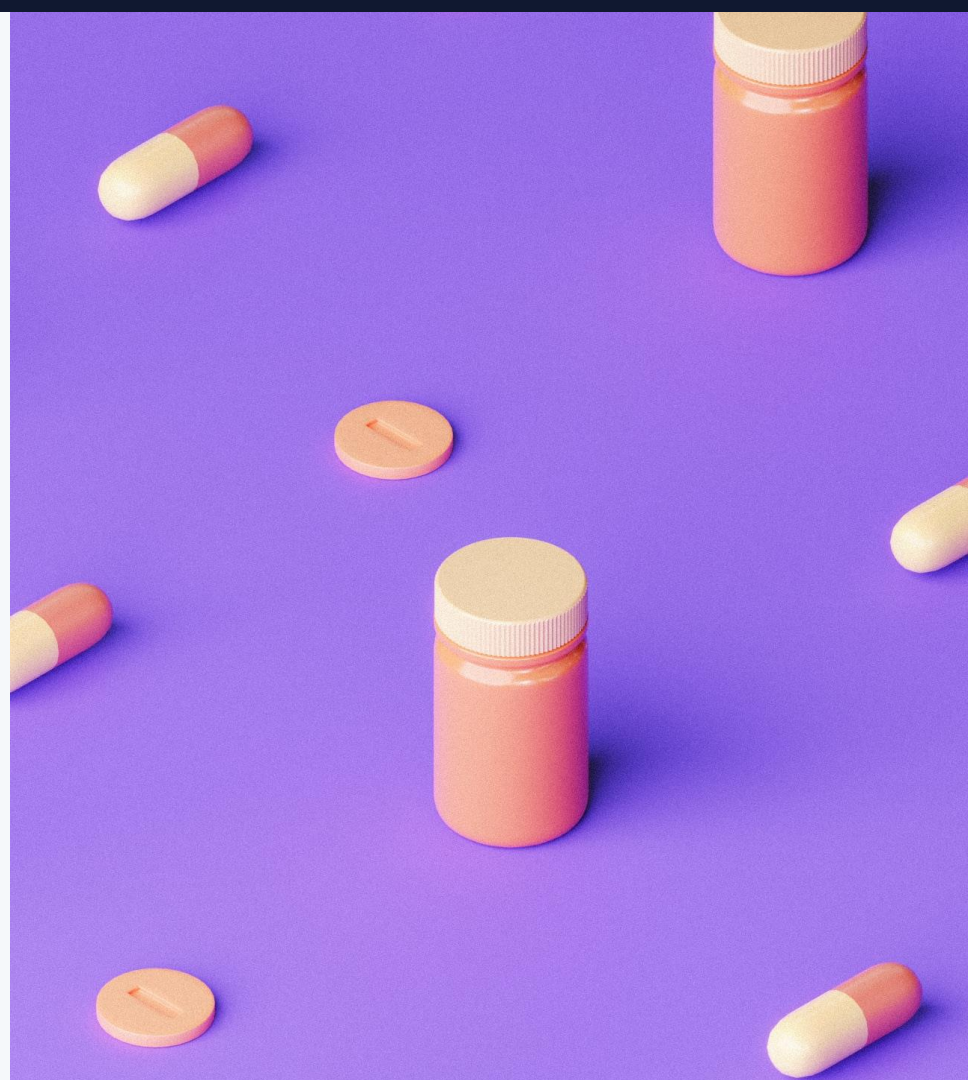
We recruited Pharmacy & Medical Directors largely from National Plans and Integrated Delivery Networks and ensured coverage of three of the largest PBMs in the country



PART 1

Top Challenges & How Manufacturers Can Help

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Top of Mind Challenges Derived from Qualitative Research

Long COVID is still being figured out. For a while, we weren't sure Long COVID was even a real thing. We now know that it is, but we don't understand how to prevent, diagnose and treat it nearly as much as we need to.

Will current vaccines and recent Advances in anti-viral technology be sufficient to prevent and treat Long COVID?

We need to better understand the extent to which we can link long-term symptoms and effects back to original COVID infection.

COVID has fundamentally changed our population, and it's unclear if pre-COVID data are still relevant in a post-COVID world

If the economy results in mass layoffs and significant unemployment, there are fewer commercially insured lives to fund medical care, and plans have large fixed costs that do not vary with the size of their patient populations, so fewer lives means plans have to cut into their cost structure, and the question is not "if", but rather "by how much."

Biosimilars

Reimbursement

Evidence-based

COVID

Inflation

Affordability

Containment

Jobs

Cost

Economy

Unknown

Performance-based

Until Humira, we've had biosimilars only under the medical benefit. Biosimilar Humira will now be covered under the pharmacy benefit.

People don't understand that large molecule biosimilars are not as interchangeable with the original as are familiar small molecule generics

After 6 months of exclusivity, there will be more flooding the market and we will investigate several before settling in on 1 or 2 that are simultaneously effective and cost-effective. Manufacturing is going to be very important and highly scrutinized

Lower drug prices -- overall and at the pharmacy

Cost of coverage needs to be affordable for families

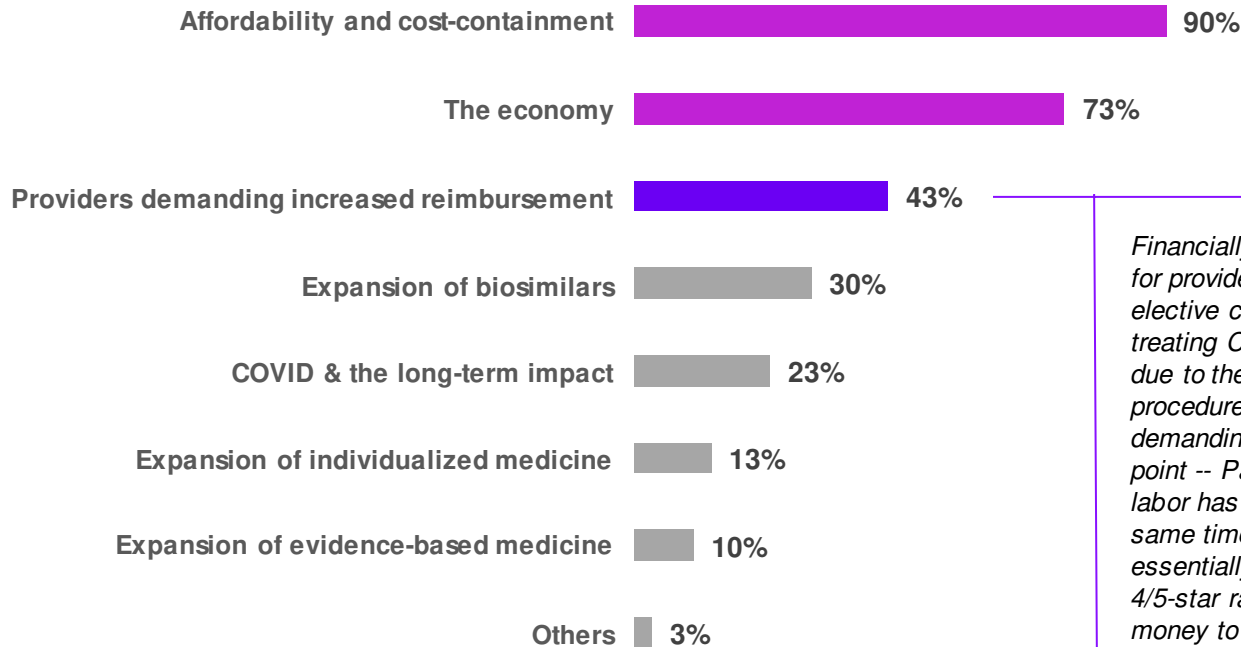
Drugs have been launching at much higher prices, and existing products have increased faster than inflation

Targeted therapies and specialized medicine have made for smaller target patient populations and therefore more expensive drugs since development costs need to be covered by fewer and fewer applications and patients... Today, orphan drugs may account for as much as 45% of spend but only 2% of covered patients.

The biggest challenge we face any year is almost always the unknown. Think COVID-19. Something not on our current radar screen is likely to become our biggest concern in 2023 since we aren't preparing for it in any real sense.

When asked about specific issues, payers are united in the belief that economic forces and factors represent the biggest issues they will face in 2023

Most Pressing Payer Issues



67% selected Affordability as the SINGLE most-pressing issue

Financially, the pandemic was good for plans, bad for providers. Plans saved money from deferred elective care – much more than they spent treating COVID – and providers took a huge hit due to the evaporation of patient visits and procedures. So now you have providers demanding more money, and they have a good point -- Payroll is their largest expense, and labor has never been more expensive. At the same time, CMS has changed the Star rules by essentially forcing a certain distribution that limits 4/5-star ratings and therefore the amount of bonus money to go around for providers. - PBM



Payers want manufacturer partners that demonstrate differentiation and value effectively, are open to value contracting, and proactively support them.

Ideal Pharma / Med-Tech Partner

(% Ranked Top Attribute)

Differentiates products effectively  40%

The best manufacturers are good at establishing clinical differentiation and the subpopulations bested suited for their product. Provide better evidence of value. We need better, more comparative trials.

Open to value-based contracting  23%


Share the risk. If the value is there, they can charge more. If it's not, they can't. But having said that, we don't like it when they use real world data to justify price hikes. Use it to demonstrate value, not to increase prices.

Proactive  20%

Bring us good data as soon as you have it. Don't wait for me to ask for it. If you're excited to get it in front of me, you're probably proud of what you have to offer. You'll never overload us with GOOD information. Just make sure it's good.

Empathetic  10%

Try to read my mind and anticipate my needs. Seeing one plan means you've seen one plan NOT all of them. Know how we're different. Learn from our previous engagement and meetings. Tailor your offering to our specific needs and priorities.

Shares best practices  7%

What's working at other plans? What's not working? Manufacturers have visibility into all of our inner workings. Share this information. Help us get better, help us make better decisions.

Manufacturers can best support payers by providing more copay and financial assistance, demonstrating clear differentiation/value, better anticipating their needs, and sharing best practices across plans

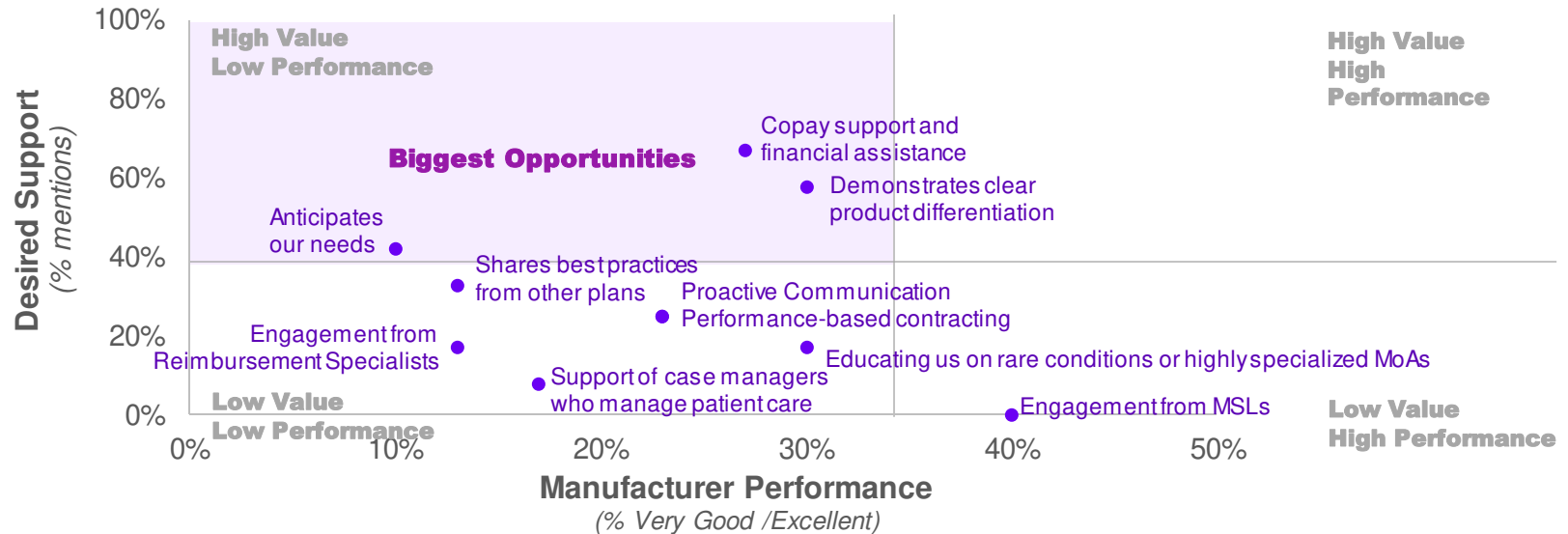
How Manufacturers Can Help with These Issues

“Typical” Manufacturer Performance (% very good/excellent)



Overall, payers do not perceive the “typical” manufacturer partner as performing particularly well on the attributes that most closely meet their anticipated challenges. This suggests significant opportunity.

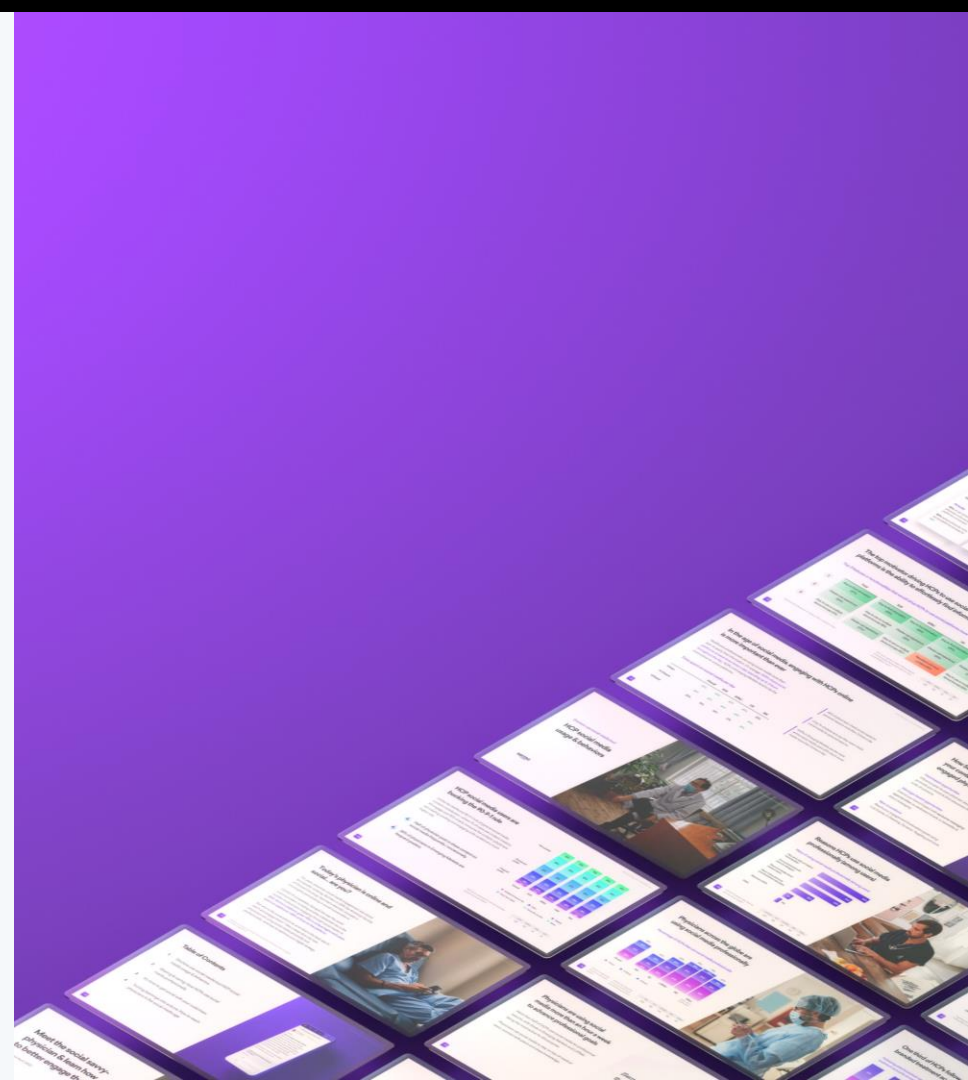
Unmet Need Assessment Value vs. Performance



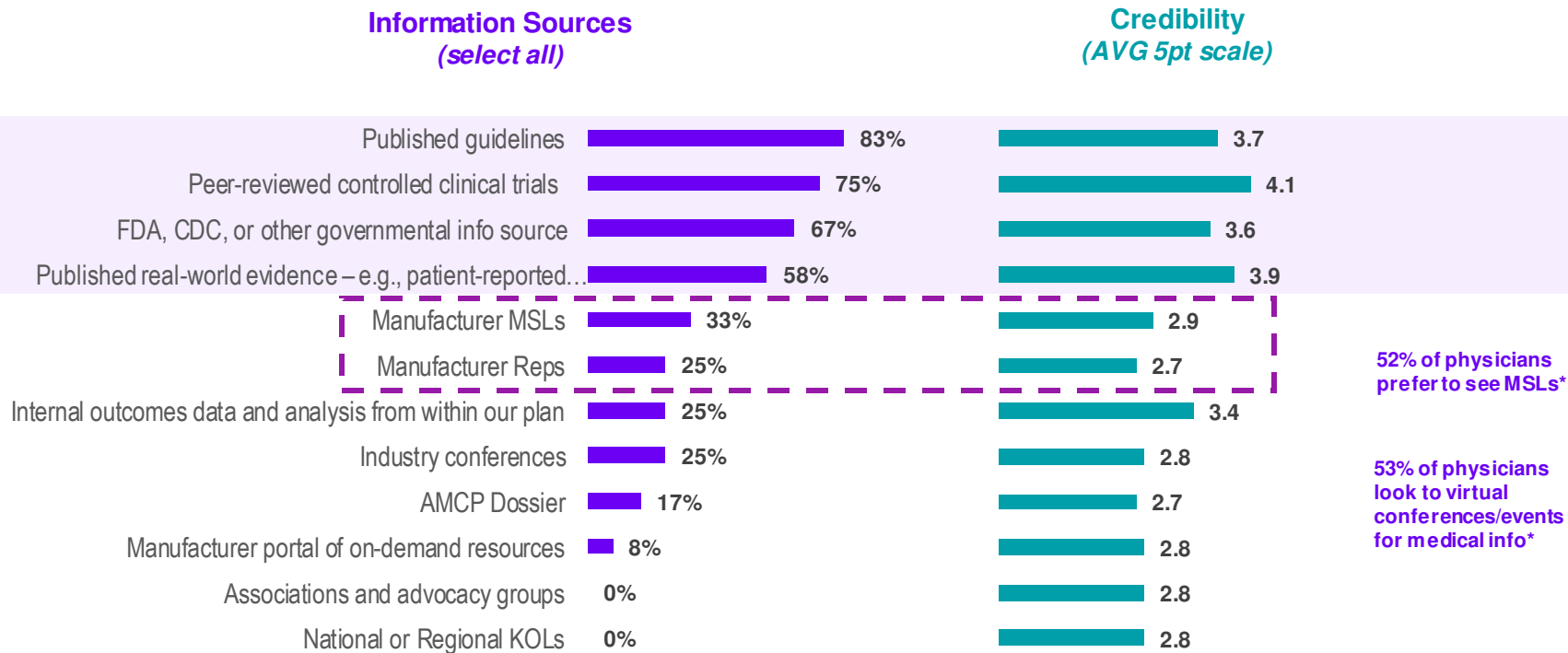
PART 2

Information Sources & Channel Preference

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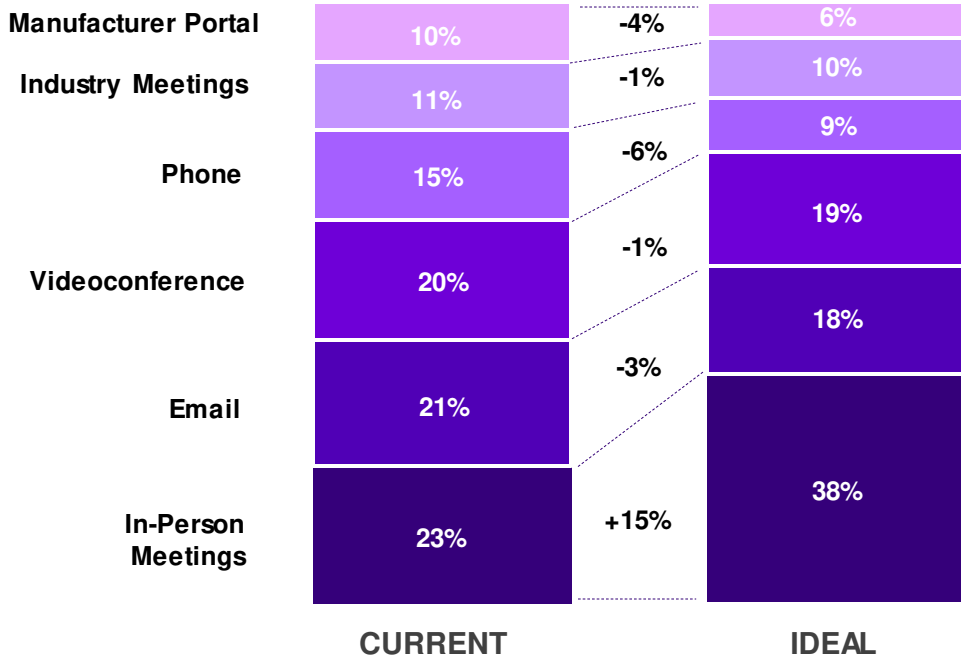


Payer preferences for information sources mirror what we see for physicians, with guidelines, clinical trials, government data, and real-world evidence being most preferred.



Payers want more in-person meetings with manufacturers than they are having today, but even in an ideal world, more than half of their interactions would be virtual or non-personal

Channel Preference



In their own words...

Especially if they are third-party verified, and don't require a login..

There is always active communication at conferences – ASCMBIA is quite good

Phone can work, but a scheduled zoom is better for sharing information

I prefer virtual meeting. We live in a digital world where face-to-face meetings are rarely necessary anymore.

Ideally, I would like everything communicated through concise and thorough emails, especially for updates and check-ins. If necessary, we can follow up by phone or Zoom.

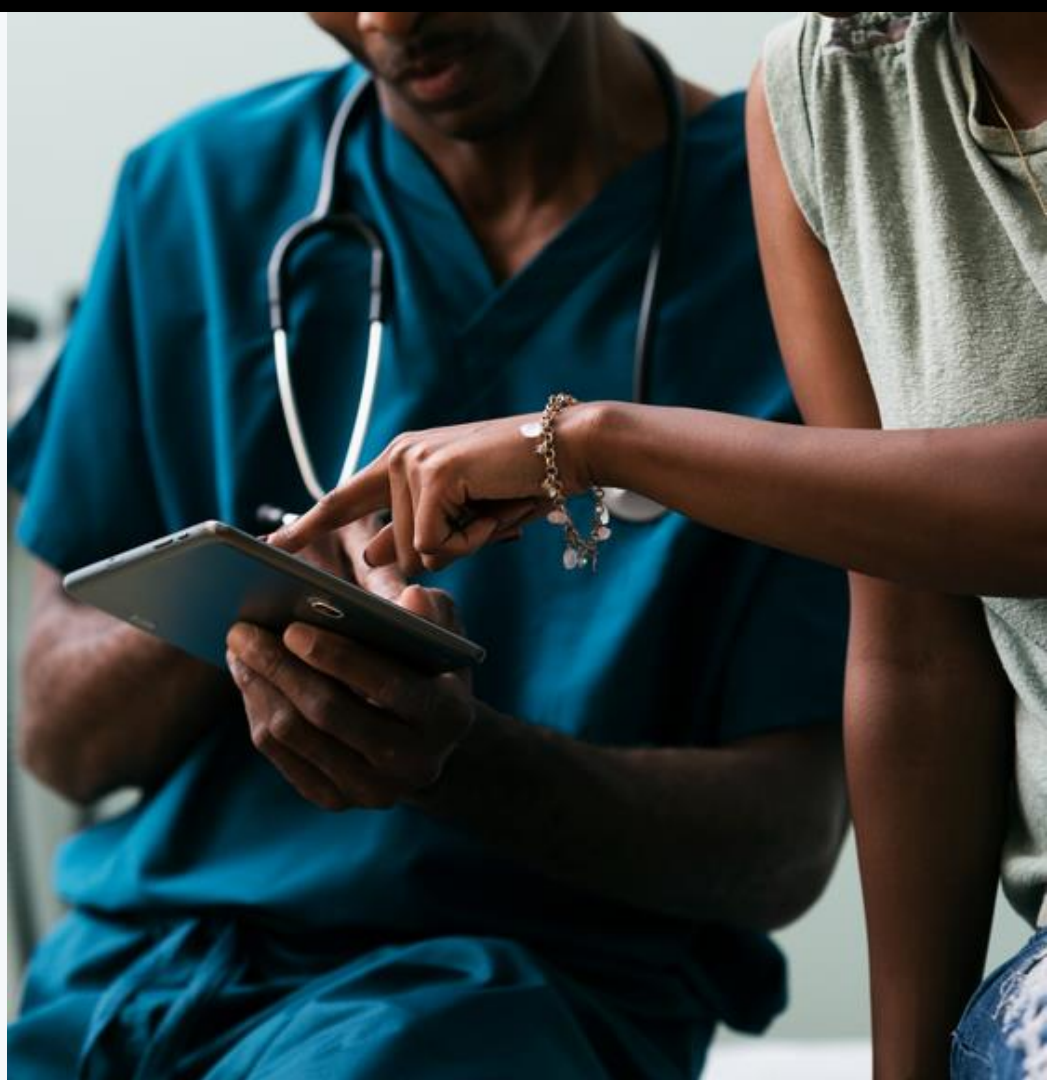
In-person meetings are the gold standard. There is nothing like the personal interaction, but it should be kept to 30 minutes or less.

I prefer in-person, especially for new products, new results, new indications. They are available and on-the-spot to answer my questions in real-time.

PART 3

Digital Health Solutions

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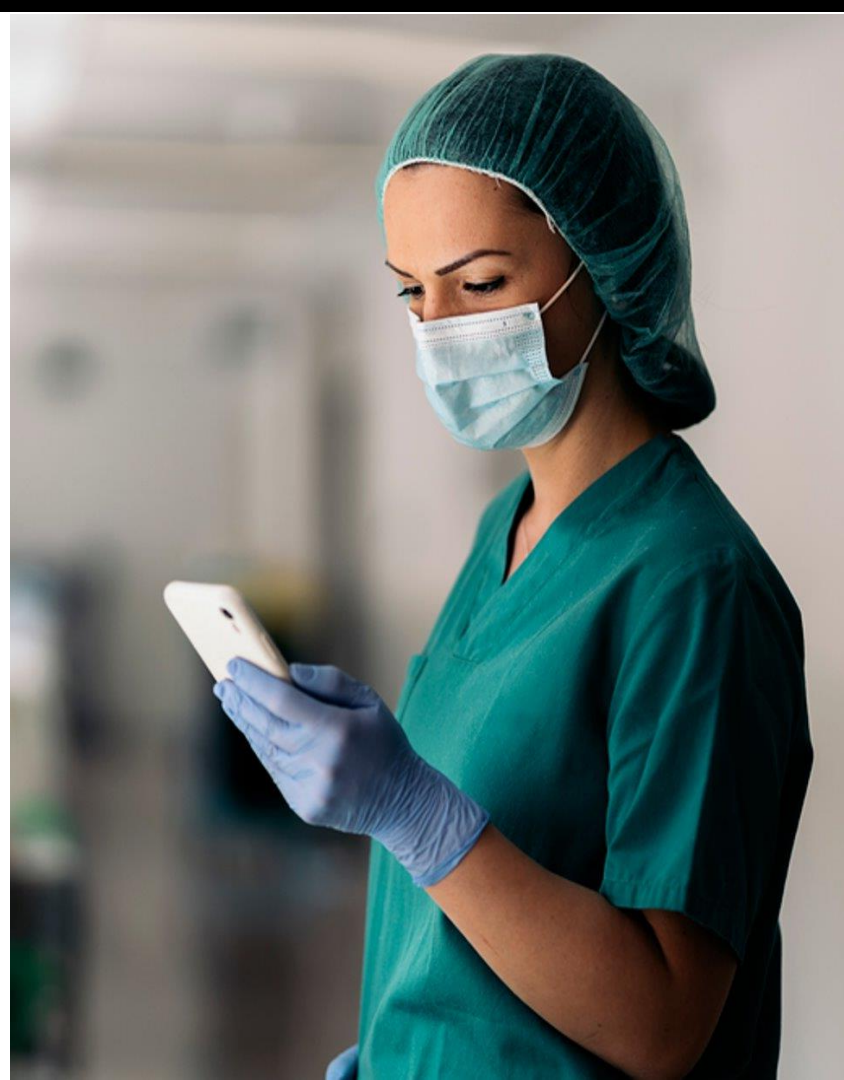
What is “digital health,” anyways?

Digital health, or digital healthcare, is a broad, multidisciplinary concept that includes concepts from an **intersection between technology and healthcare**.

Digital health applies digital transformation to the healthcare field, incorporating software, hardware and services.

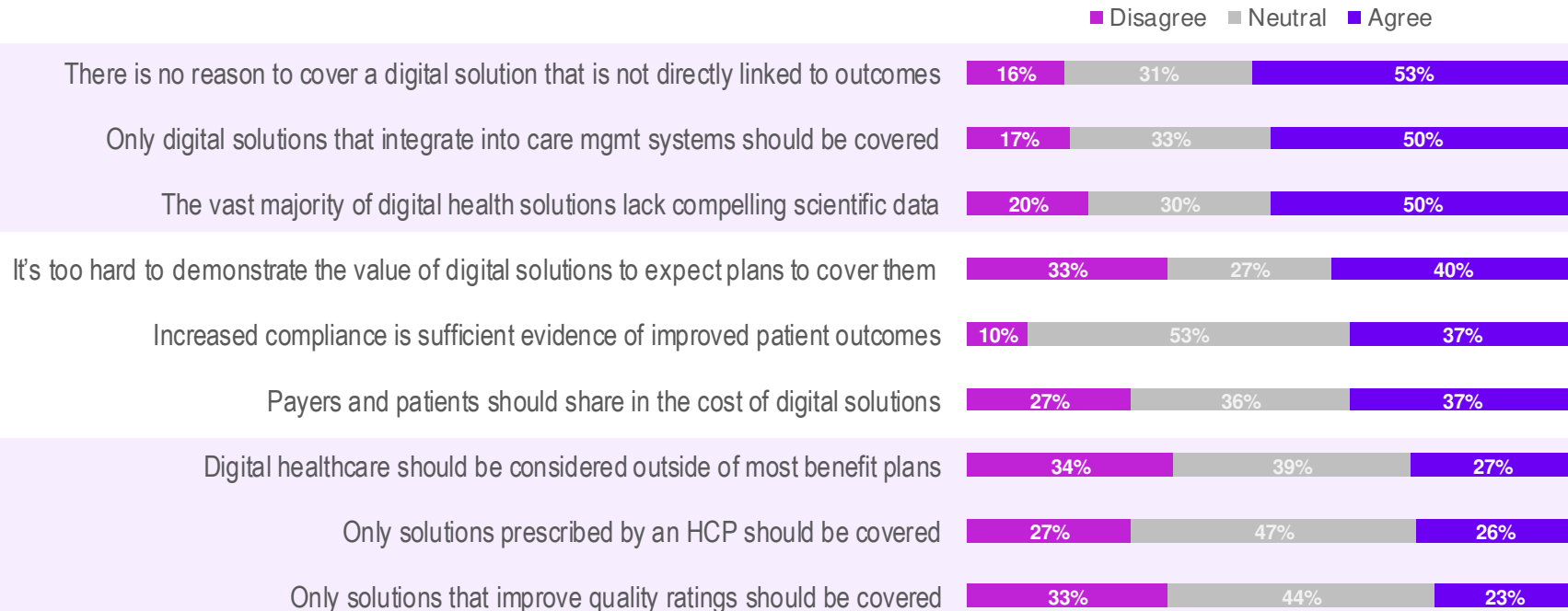
Digital health includes:

- Mobile health (mHealth) apps
- Electronic health records (EHRs)
- Electronic medical records (EMRs)
- Wearable devices
- Telehealth
- Telemedicine
- Personalized medicine



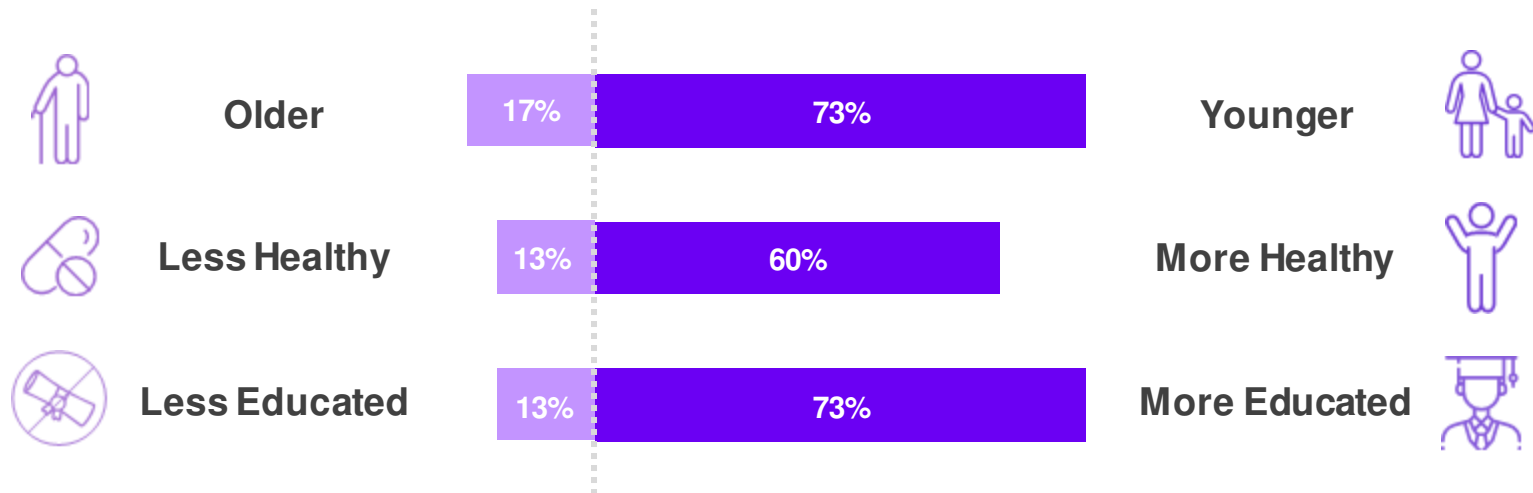
Payers are not widely convinced that plans should cover digital health solutions. They believe digital solutions lack compelling data and favor coverage only for solutions that integrate directly into care management systems.

Attitudes Toward Digital Health Solutions



Payer reluctance to cover digital healthcare solutions may be due to the tendency to assume adoption is greatest among the younger, most educated, and healthiest patients

Higher Adoption of Digital Healthcare Solutions



Example of what Payers say “Good Looks Like” in digital healthcare

➔
“FDA-authorized”

reSET, for SUD, is the first FDA-authorized treatment proven to increase abstinence and treatment retention.¹³

[See the Proof](#)

reSET-O, for OUD, is the only FDA-authorized digital treatment that's proven to help patients stay in treatment longer.²

[See the Proof](#)

PEAR THERAPEUTICS

←
Proven Results

How it works: 12-week **prescription** digital therapeutic **software application** to be used as an **adjunct** to outpatient treatment using transmucosal buprenorphine

Impact: Adding reSET-O® to outpatient treatment **increased retention** by almost **15%**

PART 4

Inflation Reduction Act

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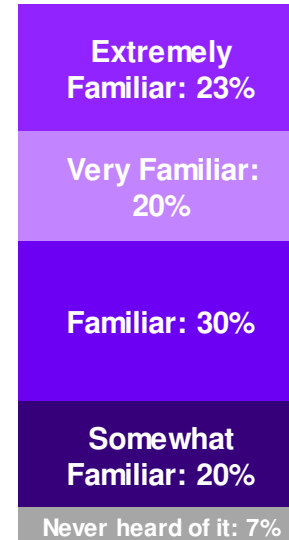


Payers are universally aware of the Inflation Reduction Act, but levels of familiarity vary widely

Some of the many provisions of the IRA relevant to the healthcare and payer landscape:

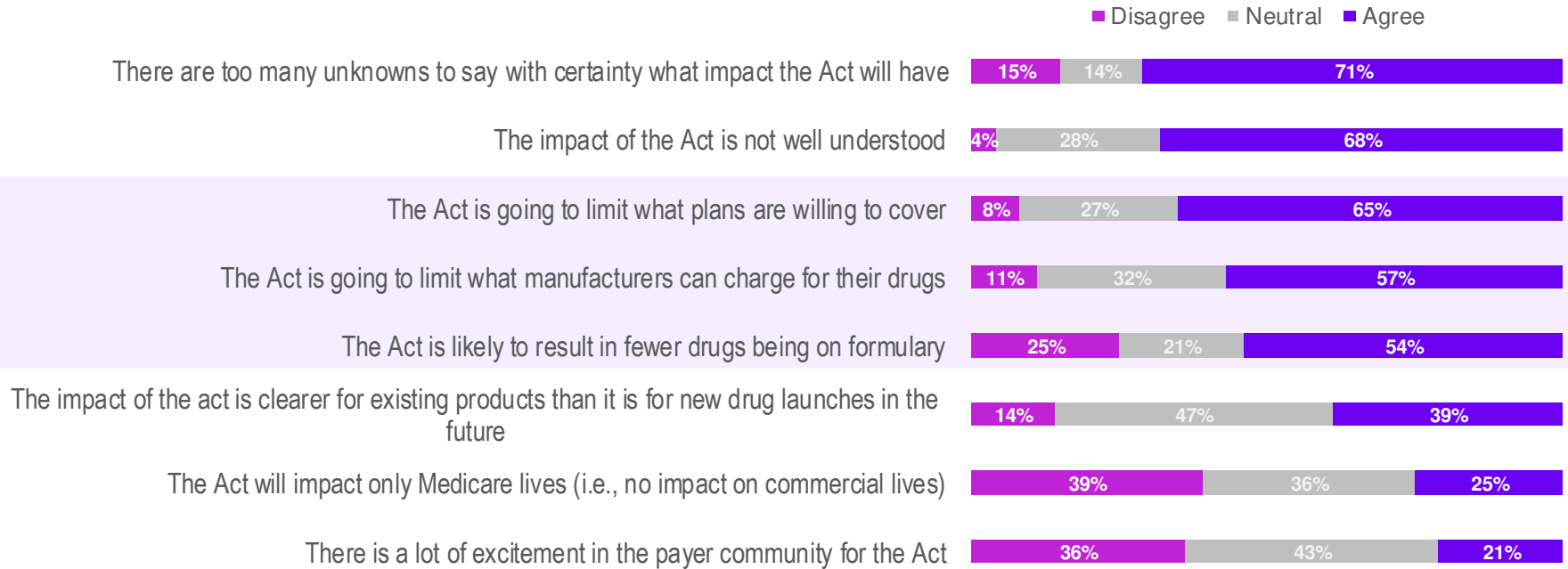
- Federal government to negotiate prices in disease areas of greatest spend
- Drug companies will pay rebates if prices rise faster than inflation
- Annual cap placed on out-of-pocket spending for Medicare Part D patients (\$2,000)
- Monthly OOP caps on insulins at \$35 for people with Medicare
- Eliminate cost sharing for adult vaccines
- Many others

Inflation Reduction Act Familiarity



Overall excitement for the IRA among payers is quite low, due largely to the widespread uncertainty around the impact it's going to have

Attitudes Toward IRA



What Payers say about the Inflation Reduction Act

This is a big unknown. One of the biggest unknowns we have. A ton of time is being spent running through possible scenarios as to how this plays out. Truth is, we just don't know

I would say we're optimistic – there's just too much ambiguity to say we're 'excited' about it. The impact on diabetes is probably most clear given the \$35 cap on insulins, but beyond that, the implications are less clear.

It's obviously geared toward Medicare lives but it's going to have an impact on commercially insured lives as well.

I honestly have not read every letter of the full synopsis, let alone the 1000+ page policy document itself. We need to take a fine-toothed comb to the full extent of the bill. The timelines are very clear, so that's good, but the specifics of the implications and how it's all going to work is TBD.

What we learned today & what we can learn tomorrow

Key findings to guide us into 2023

- Affordability as the SINGLE most-pressing issue
- Payers want manufacturer partners that demonstrate differentiation and value effectively, are open to value contracting, and proactively support them
- Payers desire Digital Health Solutions to be integrated into their care management systems, but overall payers are unsure on coverage. Proving outcomes is key!
- TBD on the impact of the IRA - a greater understanding of real-world impacts is needed.

Submit your questions for our next survey!

- We're always accepting questions for future Sentiment Series – HCP and Payer! Submit your questions [here](#).

Sermo's holistic solution

Primary insights



Quant



Qual



Secondary insights



Social Intelligence

Powered by Sermo
Conversations



Drug ratings

Native physician engagements



**Feed
based**



**Message
based**



**Sermo
Rounds**

Thank you

To learn how Sermo can support your Payer and HCP insights goals, email us at [**business@sermo.com**](mailto:business@sermo.com)

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