Optum | Advisory Board

The 6 Trends Shaping Pharma Strategies in 2024

Enter

With the height of the pandemic behind us, the future state of health care dynamics is starting to take shape. It is a future characterized by new relationships, incentives and needs between health systems, physicians, health plans and manufacturers. New dynamics catalyzed by:

- Investments by private equity and other corporate stakeholders to amass physician, ambulatory and technological assets to deliver care in ways that do not revolve around the hospital setting.
- Technological and practice innovations such as telehealth, remote patient monitoring (RPM) and home health enabling the delivery of 'everywhere care' for patients across all levels of complexity.
- A growing realization that drug spending is poised to equal procedural spending in terms of its importance to health systems finances and strategy.
- Increasing levels of proactivity from employers as they look to retain and attract talent in a tight labor environment while bending the cost curve. A change in federal legislation in 2021 also makes employers fiduciarily responsible for health care spend.

Life sciences leaders like you must contend with changes to your customer's business reality and its implications for their own success while also addressing changes and pressures along the pharmaceutical value chain. The pace and scale of these concurrent changes will complicate decision-making. The bar for evidence remains high and finding ways to accelerate the drug development cycle and market uptake of products is more important than ever.

This year will prove pivotal in the long-term success of pharma and biotech companies as you develop organization-wide strategies inclusive of real-world data (RWD) for the next 12 to 18 months. That's why life sciences market experts from Optum® and Advisory Board came together once again to offer our take on 6 trends shaping pharmaceutical manufacturer strategies in 2024.

This analysis is rooted in conversations with more than 100 data scientists, researchers, clinicians, chief medical officers, medical directors, service line leaders and decision-makers across the health care landscape. The insights and recommendations captured here are intended to provoke thought, challenge conventional wisdom and stimulate cross-functional conversations that can accelerate meaningful industry change.

Read more to:

- Recognize the ecosystem dynamics most likely to affect your organization's success in 2024.
- Understand the trends most likely to shape life sciences leaders' RWD and real-world evidence (RWE) strategies.
- Consider the implications of these trends on different stakeholders within the health care ecosystem.
- Gather ideas for thoughtful questions to ground strategic planning meetings with your team, cross-functional colleagues and important business partners.
- Challenge your own assumptions. Or challenge ours. We'd welcome the conversation.

This report is intended for life sciences leaders interested in navigating the health care ecosystem's ever-changing headwinds and tailwinds. As you read through these trends, we encourage you to ask yourself and colleagues these four questions:

- What more can we do to monitor the most salient market shifts and stakeholder priorities?
- How can we stay more attuned to the effect of major economic, demographic, clinical and operational trends for our primary customers?
- How can we design clinical and technological innovations at our organizations and in conjunction with partners, that focus on patients and families across a broad range of socioeconomic and demographic factors?
- How can we assure our sources and uses of RWD better address stakeholders' evolving demands for value?

The 6 trends shaping pharma strategies in 2024

Structural changes in a competitive market

1. Navigating multiple shifting legislative landscapes
2. Assessing how Medicare Advantage may reshape local and national dynamics
3. Monitoring private equity's next phase of growth in care delivery

Addressing emerging patient needs

4. Addressing stakeholder concerns around the long-term effect of novel products
5. Bolstering physician confidence novel cell and gene therapies (CGT) to reduce overtreatment
6. Evolving pharmaceutical strategies that overcome hurdles to patient access

Trend 1

Navigating multiple shifting legislative landscapes

Policy makers today are hyper focused on the drug pipeline and pharmaceuticals, though how their actions will impact the market remains unclear. One thing is known: As dynamics change in response to the Inflation Reduction Act of 2022 (IRA) and other state and federal policies, real-world data (RWD) will become even more critical to commercial success. To stand out amongst potential competitors, evidence must not only demonstrate the value of a medication, but its effect on total cost of care and outcomes.

The Centers for Medicare and Medicaid Services (CMS) will announce the negotiated prices of the first 10 prescription drugs later this year under the IRA (through Medicare Part D), for which enrollees paid $3.4 billion in out-of-pocket costs in 2022. The prices negotiated this year will go into effect in 2026. But this is just the first in an ongoing series of negotiations. By early 2025, CMS will select the next 15 Part D medications that will be subject to price negotiations; those prices will take effect in 2027. The number of drugs selected is expected to grow over time.

Medicare enrollees using these medications should save on out-of-pocket costs, but the debate persists about whether these laws may have unintended consequences on future patients and innovation with manufacturers adjusting R&D strategies in response.

Projected cost savings from 2024 Medicare negotiations[1]

Brand name	**Total spending** June 2022-May 2023 (billions)	**Annual negotiated spending range** (billions)	**Years since approval** (by January 26)
Eliquis	$16.5	$10.7–$7.4	13
Jardiance	$7.1	$5.3–$3.9	11
Xarelto	$6.0	$3.9–$2.7	14
Januvia	$4.1	$1.6–$8.2	19
Farxiga	$3.3	$2.5–$1.8	11
Entresto	$2.9	$2.2–$1.6	10
Enbrel	$2.8	$1.1–$0.6	27
Imbruvica	$2.7	$1.7–$1.2	12
Stelara	$2.6	$1.1–$0.5	16
Fiasp	$2.6	$1.0–$0.5	25
Total spending	**$50.6**	**$31.1–$21.0**	

While the IRA has dominated headlines, it is not the only proposal to which pharma leaders must pay attention to in this election year:

- The Centers for Medicare and Medicaid Innovation (CMMI) have proposed two noteworthy changes in response to an executive order from President Joe Biden on lowering prescription drug costs. One proposal would see CMMI adjust payments downwards for Medicare Part B medications granted accelerated approval by the U.S. Food and Drug Administration (FDA) to incentivize confirmatory trials. The other proposal would empower CMS to negotiate multi-state outcomes-based agreements on behalf of state Medicaid agencies for cell and gene therapies.
- There were 825 bills proposed in 2023 focused on drug pricing in some manner across 52 states including Washington, DC and Puerto Rico. Roughly 147 bills were enacted in 44 states starting in 2024 with several building on momentum around drug affordability boards.

Implications for pharma

In some ways, these proposals represent the federal government putting a flag in the sand to increase manufacturers' efforts to show the true value of their therapies and gain a better understanding into pharmacy benefit manager (PBM) business practices.

CMS's negotiation process to determine the "maximum fair price" will consider research and development costs, current unit costs, prior federal funding, FDA approvals, revenue and sales data, therapeutic alternatives, prescribing information, comparative effectiveness and unmet need. Manufacturers will need to consider what data assets and value narratives will prove "fit-for-purpose" for these new use cases and audiences.

More than ever, branded medications need a cohesive value story backed by real-world evidence (RWE) based on those 9 criteria. Relying on the same evidence that was used for a treatment's initial approval puts a negotiation team at a disadvantage. RWE studies can bolster a value story by providing new information about effectiveness – another way to support the pricing of the product.

Absent any nation-wide mandates, the bills and policies under debate at the state and local level – which appear both more ambitious and more experimental than those under consideration in Washington, D.C. – will have more direct consequences for pharma leaders. Medical Affairs and Market Access teams may need to immerse themselves in more granular data to better understand individual local markets and to customize their value messaging accordingly.

Questions to guide your strategy:

- What criteria do you use when evaluating data sets? When applying business rules, do you have the patients you need and the most complete patient journeys to evaluate a therapeutic area?
- What states and policy trends are most critical for you to monitor when thinking holistically about organizational success?
- When you pursue an accelerated approval, which endpoints do you need to capture in order to start commercializing from the strongest position possible? What evidence generation can you 'outsource' to a confirmatory trial?
- For medications chosen for negotiations, what strategies may increase adoption for patients who may benefit?

Trend 2

Assessing how Medicare Advantage may reshape local and national dynamics

With an estimated $454 billion paid to health plans and 51% of Medicare enrollees now choosing Medicare Advantage (MA) over traditional Medicare, MA is poised to shape the future of payment and care delivery. The continued maturation of the MA market, combined with payment decreases starting in 2023, will require health plans to adapt. This may include increased scrutiny from MA-participating stakeholders on medication costs and care pathways.

It's a watershed moment as Medicare Advantage (MA) enrollment overtakes traditional Medicare. Indeed, it's estimated that 61% of the Medicare market will be MA plans by 2031. A number made more compelling since CMS administers all of traditional Medicare. MA is a competitive environment with the average Medicare beneficiary having access to 43 MA plans in 2024.

Advisory Board analyzed 9 markets where MA penetration is more than 50% and found that in 5 of them, at least one health plan had a 25% market share of all Medicare lives. In these markets, manufacturers can deduce trends to determine partnerships and assess local ecosystem dynamics moving forward. MA plans may have different types of care models, clinical programs and cost sharing requirements that manufacturers should consider.

In response to a maturing market, plan sponsors are offering more diverse product portfolios that align with patient preferences. In 2023, about 70% enrollees in individual MA plans with prescription drug coverage paid no premium other than the Medicare Part B premium. MA plans also usually include extra benefits such as dental, vision and hearing, often for no additional premium, which may mean the use of cost management tools typical of a private health plan.

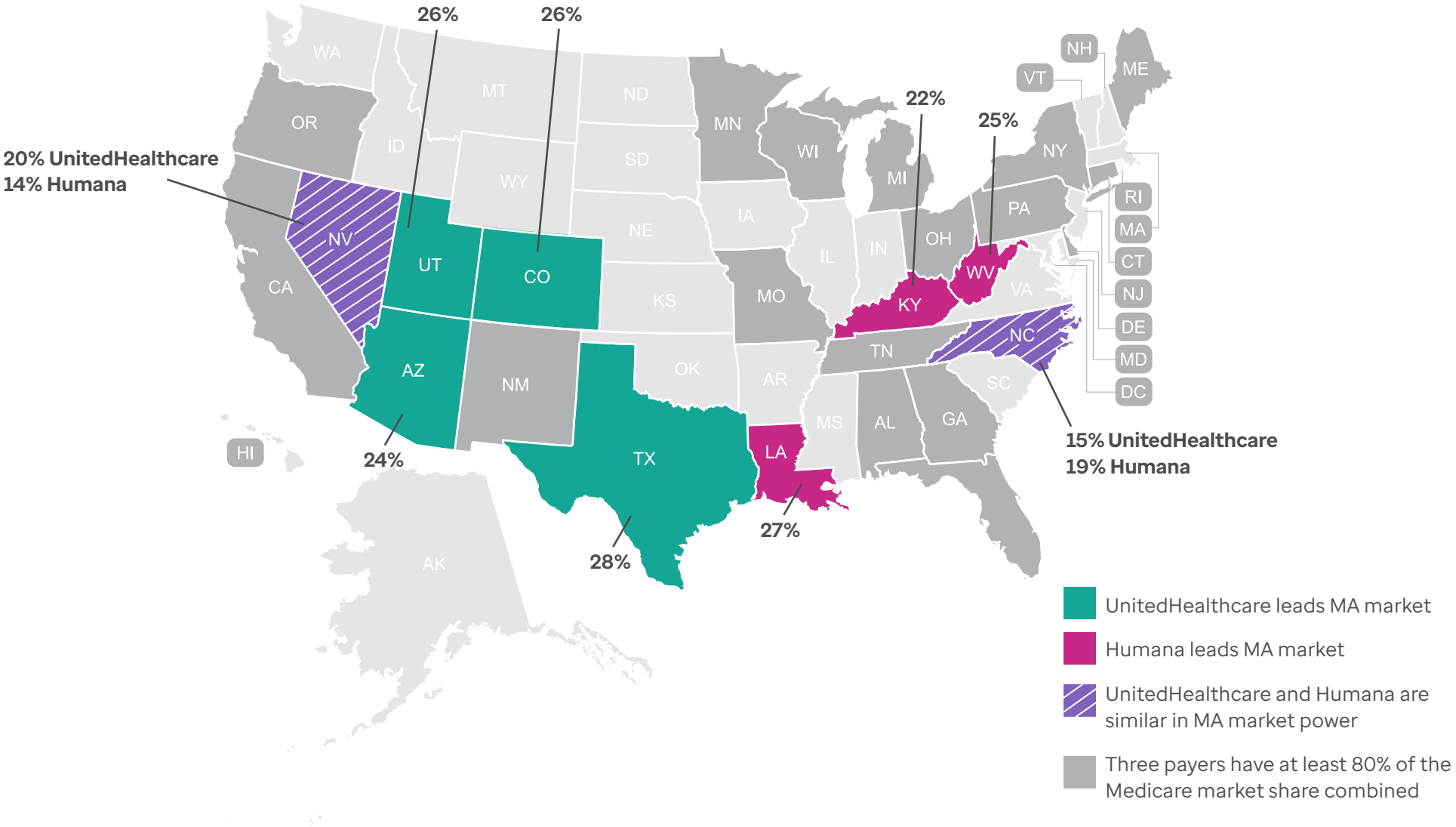
The competition among health plans leads to increased beneficiary choice and more opportunity to switch plans year over year. An Advisory Board analysis found 23% of beneficiaries switch plans within one year of joining. However, managing costs becomes a challenge with more patients in MA plans – and it's compounded by several concurrent changes this year to MA payment and policy.

A few recent and notable regulatory changes made by the Centers for Medicare and Medicare Services:

- Changes to CMS Star Ratings System including finalizing a new health equity index and technical changes to star measures that results in a -1.24% for 2024.
- Implementation of a new risk adjustment model that is estimated to bring MA rates down an average of -2.16% for 2024.
- Adopting stricter requirements on the use of prior authorization and utilization management.
- Finalizing the Risk Adjustment Data Validation process that establishes a new methodology for CMS's audit process to recoup identified improper payments and estimated to reduce Federal spending by an estimated $4.7 billion from 2023–2032.

Local variation in MA market share[2]

Medicare market share composition within most concentrated states (January 2023).
States depicted have over 50% Medicare Advantage penetration.



Implications for pharma

The shifts in MA market share by state create a significant divergence between markets. It is too early to tell if these local ecosystem dynamics will eventually standardize into a smaller set of archetypes or if market participants will need to accommodate several systems, each with its own quirks and stipulations.

For the next few years, manufacturers will need all functions to observe the important differences in market dynamics that will stem from MA's increasing market relevance, especially as it relates to changes in product use and HCP practice patterns. Manufacturers will also need to monitor the implementation of regulations from the IRA that may impact MA plans with prescription benefits.

There are strong quality and operational incentives for health plans to nudge patients into plans with financial risk – and as more players follow the vertical integration playbook, those plans will further influence where patients seek care. As legacy patient journeys shift, the stakeholders who need to be convinced of a therapy's value will shift as well.

Questions to guide your strategy:

- How do your organizational structures need to evolve to adapt to a world where MA covers the vast majority of American older adults?
- Can you identify specific markets on which to focus because they represent divergent potential futures for IDN and HCP incentives in an MA-dominated landscape?
- What lessons can you learn from your field teams to shape how you engage with IDNs and the delivery arms of new market entrants differently?
- What data might health plans and providers in this market lack that you could provide to help them think holistically about the patient populations you serve?

Trend 3

Monitoring private equity's next phase of growth in care delivery

Private equity (PE) has invested an estimated $750 billion in health care over the past decade. This sector's current focus on the acquisition of independent primary and specialty care practices appears driven in part by the intersection of complex novel products, accompanying diagnostic tests, site-of-care shifts and an aging patient population. The tendency for PE to focus on specific geographic areas means manufacturers should pay attention to the way PE-operated practices differ from others in the market.

After making several in-roads over the past decade, PE organizations accounted for 65% of all acquired physician practices between 2019 and 2023. Despite the general economic slowdown, the average PE fund saw an increase in fund size of roughly 35% in 2022 compared to 2021. This financial might and flexibility, coupled with previously mentioned market forces, create significant opportunities for PE firms to deploy their playbook of:

- Consolidating fragmented practices
- Cost cutting
- Shifting care to outpatient settings
- Driving ancillary volumes

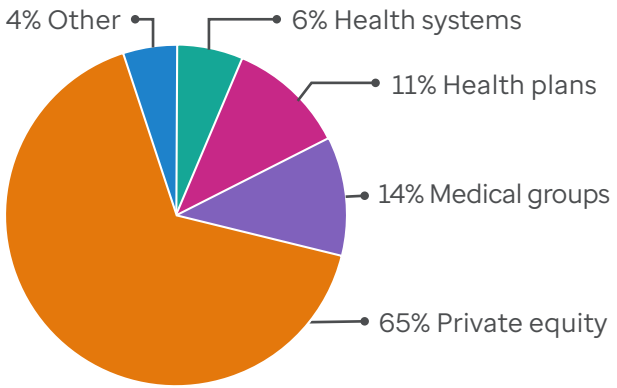
Private equity has historically focused on dermatology, ophthalmology and gastroenterology, but recent expansion includes forays into more specialties and primary care. Data from PitchBook identified five areas that saw sustained or continued growth in PE investments in 2022:

- Musculoskeletal (MSK) – 80 deals
- Urology/renal – 17 deals
- Infusion – 14 deals
- Ear, nose and throat (ENT) – 14 deals
- Cardiovascular (CV) – 7 deals

These five specialties include some of the most influential specialties on IDN finances, but PE's interest in infusion care is particularly noteworthy for pharma and biotech manufacturers. PE firms see present and future business opportunity in the strong patient demand for Alzheimer's and weight management treatments. They also see potential synergies in Alzheimer's care specifically related to the accompanying diagnostic testing required. Investments in this space could make PE a significant player in infusion care for years to come, especially given demographic trends.

Physician aggregation a linchpin of PE strategy

Percentage of acquired physicians by funder type (2019-2023)[4,5]



The Medicare-eligible population will almost double by 2060 — representing 23% of the overall population. This will likely lead to an increased demand for more affordable sites of care for infusion care across multiple chronic conditions. Estimates predict that the infusion market alone is set to grow from about $100 billion in 2021 to about $140 billion in 2025 based on an 8.6% compound annual growth rate (CAGR).

There are additional incentives for PE in the continually growing and profitable MA market. For example, in 28% of markets, a single PE firm owns more than 30% of practices in 10 specialties. Advisory Board research predicts that after years of focus on primary and home-based care, specialty care will be the next frontier for PE growth as it provides players with a complementary piece to create an ecosystem around aging patients and primary care physicians.

Two factors are key to this prediction:

- The increased MA beneficiary preference for preferred provider organization (PPO) plans that give them more independence to choose their care and care provider as discussed in the second trend.
- The anticipated 3% increase in specialty care utilization by 2030 and opportunities for the cost reduction at which PE excels. The table to the right outlines the 10-year projected growth rate for outpatient specialties relevant to older adult patients, many of which have an infusion and diagnostics component. An Advisory Board analysis suggests these 12 highlighted specialties have the most potential to reduce downstream costs.

While the infusion market is attractive to PE, it is not without headwinds that all stakeholders should keep in mind. Chief among these is that private equity investment in health care has drawn scrutiny and action from the Federal Trade Commission (FTC). FTC Chair, Lina Khan, has made several public comments related to concerns over PE deals in health care and the FTC sued a PE firm last September for what it alleges are anticompetitive practices in Texas.

10-year projected growth rate for outpatient specialties[6,7,8]

Specialty	Projected growth rate
Psychiatry	98%
Endocrinology	91%
Spine	87%
Orthopedics	85%
Neurology	76%
Vascular	73%
Neurosurgery	70%
Nephrology	70%
Ophthalmology	64%
Cardiology	62%
Dermatology	62%
Oncology	62%

Implications for pharma

To achieve scale, PE investments in health care and other sectors tend to focus in specific local markets. If this pattern holds for specialty care, it could have significant implications on patient journeys and may encourage shifts in care. But it all depends on how much PE owners can introduce new care models and practice patterns. Life sciences leaders should pay close attention to direct PE investment in infusion and diagnostic capabilities as well as related clinical areas.

Different ownership structures (as seen with ambulatory surgery centers), create different needs and opportunities for how to partner with the new operators. For example, the value proposition for a PE firm and its physicians may differ from those of an independent or hospital-owned physician practice. Thus, manufacturers need to experiment to discover what resonates with each PE firm.

Independent physician practices as well as those owned by health systems will undoubtedly respond to the new competitive dynamics. To maintain market share, some hospitals enter joint ventures when a PE firm enters the local market. Manufacturers must also navigate this new local dynamic.

Ultimately, life sciences leaders will need to strike a balance between watchful waiting and action. Time will tell if the continued legacy of PE in health care extends to new areas or slows down due to FTC intervention and state regulations. Regardless, it is unlikely that any chilling effect will stop this trend entirely. And that means leaders must integrate private equity into their business strategies.

Questions to guide your strategy:

- Do you operate in any markets or therapeutic areas where you're already seeing the effect of PE and what can early experience teach you?
- What percentage of your products hitting the market in the next 4–7 years are in therapeutic areas where PE involvement is likely?
- Do any of your assumptions about client engagement, market access and product use need to shift if PE firms are successful in creating the changes underlying their investment theses?
- What might partnership with PE look like?

Trend 4

Addressing stakeholder concerns around the long-term effectiveness of novel products

The current wave of innovative drugs have the potential to transform patient journeys and outcomes. However, the burden of that transformation often falls to providers and the financial risk to health plans and employers. In recent years, providers and purchasers alike have questioned the value of innovations in cell and gene therapy (CGTs), Alzheimer's treatment and weight management drugs. Each of these treatments require significant care delivery transformation before adoption and expensive wrap around services during delivery, causing providers and payers alike to question the net benefit. Manufacturers will need to tackle this hesitancy to bolster commercial success.

Three classes of pharmaceutical treatments – weight management drugs, Alzheimer's treatments and CGTs – have dominated headlines over the past few years, both for the potential tremendous impact on patient lives and for the high price tag. A few examples of the financial concerns include:

- CMS raising the monthly premium under Medicare Part B from $148.50 to $170.10 in 2022 partially over concerns around pricing and utilization of Alzheimer's treatments
- One estimate placing the impact on Medicare Part D spending of lifting restrictions on obesity drugs between $13.6–26.8 billion
- Estimated spending on gene therapies in 2024 that may total $22.4 billion

Providers and purchasers alike voice concerns about effectiveness and the burden (and cost) of implementation. To the point on effectiveness, a 2023 analysis of more than 20 years of data on CGTs for orphan diseases and hematological conditions found that these products were 2 to 3 times as likely to gain regulatory approval compared to other therapeutic modalities.

Given the rare nature of the diseases these products treat and the lack of other treatment options, the FDA is more likely to grant approval. This is a red flag for both providers, who worry about prescribing what they may see as unproven products and purchasers who want more data to justify coverage.

The novel nature of these products means that despite their promise of durability such as with Alzheimer's, it cannot be definitively verified with current evidence when a patient is "cured" after treatment.

For weight management drugs, weight regain is a common experience for those who stop taking GLP-1s, limiting its benefit. And there are concerns about patients taking GLP-1s for a prolonged period of time. The Mayo Clinic recently announced that its medical plan for employees will have a $20,000 lifetime limit for weight management products starting this year.

Visibility into longitudinal patient outcomes may be easier to track once the interoperability rules enforced by the Office of the National Coordinator (ONC) are more engrained in clinical workflows – but for now, this ambiguity can make it challenging to structure payment models to channel value to the initial plan sponsor for its financial contribution.

Regardless of the underlying condition treated by these therapies, these products require hospital-based services before and after administration. And, these services aren't consistently factored into cost considerations. Cell and gene therapies especially require significant upfront investment that few are willing to take the risk on.

Conversely, it's worth noting that some providers do see the business case in transforming care to deliver some of these products. Adoption of obesity programs is a good example of this. While some providers see GLP-1s as a huge cost burden, others are taking the leap to integrate weight management services as a way to generate new revenue. This variability creates opportunities for manufacturers to partner in new ways with patients and providers to redefine patient journeys and amplify successful care pathways in the marketplace.

Emerging pharmaceutical treatments intensify existing challenges

Two-tiered patient access

Hurdles to payment transformation

Consolidated utilization control

Implications for pharma

With unanswered questions and significant cost concerns, providers and health plans are taking a cautious approach to products that the value accrues over more than two years. The increased hesitancy will limit commercial success. Manufacturers can find ways to better communicate the value of their products to address concerns around effectiveness and burden of care transformation.

Data from 2020 found twice as many coverage restrictions by the largest commercial health plans for CGTs compared to other orphan products and 47% of drugs excluded in 2022 have no therapeutically equivalent medication. Progress will require manufacturers to:

- Provide a more complete patient journey including addressing hurdles that may impact adoption beyond formulary placement.
- Dedicate even more time in conversation with HCPs to understand the challenges of delivery and co-create approaches to standardize across the industry.
- Deepen their understanding of the employer market and the concerns, constraints and considerations influencing how they think about the relative value of emerging therapies.

Cost will remain a key coverage consideration for all new product launches as 91% of employers are concerned about the pharmacy cost trend and the anticipated 5.4% annual increase in total health benefit cost per employee in 2024, following a similar increase in 2023.

Outcomes-based contracts (OBCs) will likely play a role beyond cell and gene therapies. A survey of health plans covering 140 million medical and 300 million pharmaceutical lives identified diabetes, heart failure and oncology, as the top 3 conditions most suited to OBCs according to respondents. These complex, chronic conditions – with a wide range of variability in spend – have stakeholders looking to manufacturers to take on broader responsibility for patient outcomes and patient support over time.

Questions to guide your strategy:

- How do internal processes and roles need to evolve to understand and address the full list of concerns from purchasers, providers and patients for how your products will transform patient journeys?
- How do you better align internal data strategies for pre-approval and post-approval plans to support regulatory processes?
- How are you centralizing lessons learned from any experiments with alternative payment models to drive the development of internal key competencies?

Trend 5

Bolstering physician confidence in novel CGTs products to reduce overtreatment

Provider uncertainty over the long-term effect of cell and gene therapies (CGTs) is leading to increased reports of patients remaining on the previous standard of care after treatment, which challenges manufacturer value narratives around the transformational impact of these products. Manufacturers must address the lack of physician confidence or face questions from stakeholders over whether they are seeing the expected value from these products.

This year may represent a high mark for CGTs in the number of patients treated and the revenue generated. There are several eagerly anticipated approvals in this space including therapies for rare cancers, hemophilia and genetic disorders with more than $100 million in projected sales. The cumulative spend on gene therapies this year is estimated to approach $22.4 billion.

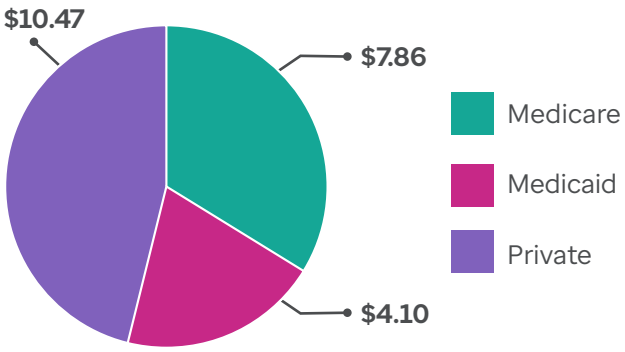
Both commercial and government plans will spend money on CGTs, with a notable sum hitting Medicaid because of the recent approval of the two sickle cell treatments. While much of the current emphasis on the financial burden of these products is rightly focused on patient costs and financing models, manufacturers need to account for concerns specific to providers. Interviews with HCPs delivering some CGTs highlight a level of uncertainty into the durability of these products with some patients also staying on the standard of care even after enduring a long and complex treatment process.

Spending on cell and gene therapies hit a new high in 2024[9]

$22.4B
Estimated spend on gene therapies

93,000
Estimated patients treated by gene therapies

Breakdown of projected spend by payer type (in billions)



The trend of overtreatment has two distinct consequences. First, it potentially challenges the value narrative associated with these products predicated on replacing the standard of care and removing those costs from the system. Second, it has potential implications for patient physical and financial wellbeing if they do not need to continue receiving the standard of care and its associated costs and benefits.

Manufacturers must address this challenge through ongoing studies, patient monitoring and in some cases, outcomes-based contracts that require the cessation of the standard of care as a prerequisite for coverage. However, bolstering provider confidence in these new products must remain a priority to help increase access for patients who may benefit from these therapies.

Implications for pharma

It has arguably never been harder for physicians to deliver evidence-based care and it is incumbent on manufacturers to help physicians separate the signal from the noise in ways that fit into their workflows and consumption habits. The pace of innovation across all sectors continues to increase and administrative burdens continue to exacerbate physician burnout. A 2022 report by Doximity found that 68% of physicians report feeling overwhelmed by the amount of new research, clinical trials, products, treatments or procedures they have to keep up with. But this desire for more relevant information is not restricted to individual HCPs.

A mixed methods study performed by Advisory Board researchers in fall 2022 found that 84% of pharmacy and therapeutics (P&T) committee leaders always review the effect on short-term outcomes compared to 36% who always review the impact on long-term outcomes. When asked the safety and efficacy metrics they think their committee should consider more over the next 5 years, the top 5 performers were:

1. Effect on long-term outcomes (59%)
2. Real-world outcomes (57%)
3. Effect on outcomes for diverse populations (56%)
4. Comparative effectiveness (36%)
5. Effect on short-term outcomes (23%)

This data suggests that P&T committee leaders are aware of the HCP and business imperatives to bolster the confidence their physicians have in the products they are approving for use.

Questions to guide your strategy:

- How must you structure clinical trials differently so that you have data at launch that addresses HCP uncertainty around novel products?
- What support do you need to provide treatment and referring centers to replicate or improve upon the performance you saw in clinical trials in real-world settings?
- How must you change your HCP communications to meet their evolving consumption patterns and preferences for more practical content?

Trend 6

Evolving pharmaceutical strategies that overcome hurdles to patient access

New patient solutions to address access are taking root across the health care industry. Manufacturers are the newest group to experiment in this space by meeting patient access needs outside of traditional drug delivery dynamics. Manufacturers should determine how the intersection of the products in their portfolio, shifting practice patterns and unmet patient needs lend themselves to solutions. Working with a variety of partners to create a frictionless patient journey, manufacturers can seize the opportunity to build brand loyalty.

The barriers patients face to access drugs and services continue to spawn disruption driven by players both outside and within the health care industry. The era of "everywhere care" lays the groundwork for a patient experience rooted in the ability to combine virtual and in-person care through various touch points from health plans, providers, retailers and digital health companies.

However, more than 70% of U.S. adults felt in a recent survey that the health care system failed to meet their needs in at least one way. Responding to patient demand and supply chain issues, some manufacturers have also moved into the ecosystem of "everywhere care" by offering additional channels to facilitate access to their medications. These moves offer certain patient populations a more direct and efficient solution for their health problem by addressing different types of barriers – whether it's logistical, geographical or cost-related. However, affordability still remains a hurdle for some patients.

Recent examples include:

- Eli Lilly's website LillyDirect that allows patients to get a weight loss drug prescription through a telehealth provider, including its US. Food and Drug Administration (FDA) approved drug, Zepbound. LillyDirect joins a growing list of platforms like WeightWatchers and Ro offering weight loss drugs through telehealth, but it is the first of its kind from a pharmaceutical company. The manufacturer also offers a similar telehealth prescription and delivery service for some of its migraine and diabetes medications.
- Women's health-focused specialty pharmaceutical company ASCEND Therapeutics provides access to EstroGel, its FDA-approved hormone therapy for postmenopausal women, through its website by partnering with a telehealth provider and delivery service.
- Manufacturers IBSA Pharma, Johnson & Johnson, Pfizer and TheracosBio partner with Mark Cuban's Cost Plus Drugs to offer patients an alternative channel to access brand drugs to treat diabetes, underactive thyroid and menopause.

> **"We need to remind ourselves that patients aren't evolving to access our products, they are challenging the system to make it easier for them to access solutions."**

John League
Managing Director, Digital Health Research | Advisory Board

As manufacturers forge new relationships with patients, they need to consider the long-term core competencies and capabilities these initiatives will require. Creating a digital channel can provide manufacturers a way to reach patients with limited access to in-person care or retail pharmacies. By making it easier to buy and refill prescriptions for certain products, a digital channel can improve medication adherence and patient outcomes.

In addition, online channels can provide access to richer consumer data that help manufacturers understand their patients better, execute more effective marketing strategies and improve the patient experience by offering tailored patient programs. Finally, in certain situations, solutions from manufacturers may overcome access barriers in traditional channels. Life sciences leaders will need to weigh these potential gained capabilities against the implications of meeting patient needs outside of established dynamics.

The notoriety surrounding the costs of the new weight loss medications has made access a top-of-mind issue for patients. A recent survey found that, of those who had obesity, about half would stay at a job they didn't like to retain coverage for obesity treatment. Meanwhile, 44% said they'd change jobs to gain coverage for obesity treatment.

Implications for pharma

Manufacturers pursuing patient solutions should take the end-to-end patient journey into account. This approach can include:

- Safeguarding against data privacy and security concerns. Few things are more personal than patients' health data and they will want to know how their data are protected and be given the option to opt out of any data sharing.
- Anticipating the desire by patients to request refills for their prescriptions digitally. They may want consistency with a single provider who knows them and their health goals.
- Incorporating transparency in patient materials including pricing. Companies like Cost Plus Drugs have prompted patients to ask more questions about prescription drug prices.
- Building trust in the patient journey. LillyDirect connects patients with the telehealth provider Form Health, whose physicians work with patients to determine whether a prescription is appropriate. Neither Form Health nor its physicians receive financial compensation for prescribing a Lilly medication. This helps to address the perception that Form Health would favor one medication over another.

Questions to guide your strategy:

- Which products in your portfolio are fit for novel approaches to patient access?
- What partners do you need to develop a successful approach?
- How will you minimize the disruption of patient-physician relationships?
- How can you use these strategies to improve health equity?

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Advisory Board offers a subscription-based research service for commercial, medical, RWE and health economics outcomes research (HEOR) executives at leading life science, medical device and health tech firms. Our deep relationships span the health care ecosystem. We work not only with leaders of hospitals, health systems, medical groups and post-acute care providers, but also with digital health companies and health plans.

We leverage this longstanding network and our rigorous objective research to help life science leaders better understand customers, market dynamics and cross-industry challenges to inform strategy.

We enable you to:

- Understand how shifts in the market impact your organization and your role today and in the future
- Anticipate how HCP and payer decision-making is evolving and the associated implications and open questions
- Influence internal and external stakeholders through objective educational material

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Notes

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