# Payer Perceptions and Practices Regarding Oncology Therapy Management

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## Background

US payers have historically managed access to oncology drugs less aggressively than other therapeutic areas due to several factors, such as government controls (e.g., Medicare Part D protected class status) and the risk of mortality if cancer is left untreated. An aging population and increasing costs associated with novel oncology drugs have led to greater pressure to effectively manage oncology drug spend. However, the potential for negative public perceptions and provider network pushback based on implementation of more stringent oncology drug management has contributed to a minimal increase in management in recent years.

## Objective

Assess US payer perceptions and practices regarding current and future oncology therapy management.

## Methods

### Research Design

- An online survey and series of interviews were conducted in 2020 and 2021, respectively, to understand US payer perceptions and practices related to oncology therapy management.
- For the 2020 survey, payers were queried on their perspectives and practices regarding oncology therapy management. On average, respondents spent 12.5 minutes completing the survey. For the 2021 interviews, payers were queried on their perspectives and practices regarding oncology therapy management during a 1-hour teleconference.
- Among the survey and interview questions, 15 were analyzed to assess US payer perceptions and practices regarding current and future oncology therapy management and were the focus of this analysis.
- The survey and interview questions included open- and closed-ended questions (e.g., 7-point Likert scale, dichotomous).

### Data Source

- Blue Fin Group maintains a robust market research panel consisting of medical and pharmacy directors, healthcare executives, and other managed care experts with private and public payer experience. Honorarium were provided to respondents.

### Analysis

- Descriptive and inferential statistics were used to compare differences between responses.

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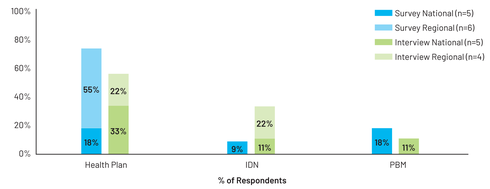
## Results

The 2020 survey (n=11) and 2021 interviews (n=9) yielded 14 unique payer respondents overseeing approximately 238 million lives.

- Survey respondents (n=11) oversee approximately 195 million Commercial lives, 16 million Medicare lives, and 6 million Medicaid lives.
- Interview respondents (n=9) oversee approximately 85 million Commercial lives and 18 million Medicare lives. Number of Medicaid lives was not captured.

A majority (71%) of unique payer respondents work within a health plan, of which 70% represent regional plans and 30% represent national plans (**Figure 1**).

**Figure 1. Respondent Organization Type (Survey and Interview Respondents; N=20)**

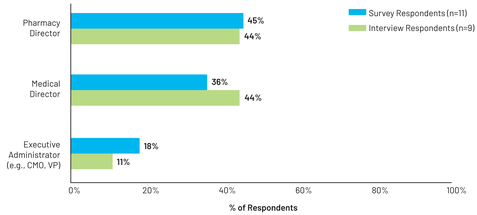



Key: IDN, integrated delivery network; PBM, pharmacy benefits manager.

Note that data for percentage of respondents may not sum to 100%, due to rounding.

Most of the payer respondents are either pharmacy directors or medical directors (**Figure 2**).

**Figure 2. Respondent Primary Job Function (Survey and Interview Respondents; N=20)**




Key: CMO, Chief Medical Officer; VP, Vice President.

Results for executive administrators are analyzed based on their functional role.

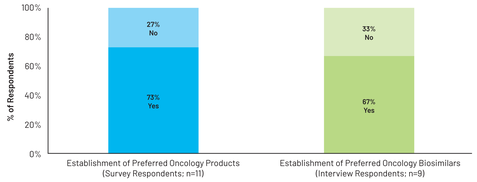
Note that data for percentage of respondents may not sum to 100%, due to rounding.

The survey found 73% of payer respondents have established preferred oncology products in their organization (**Figure 3**). Of these payers, a majority (62%) first established preferred oncology products more recently between 2018 to 2019, compared to 38% of payers who first began preferring oncology products over a decade ago (2009 to 2010). All surveyed pharmacy directors have established preferred oncology products, compared to 40% of medical directors.

Two-thirds of interviewed payers have established preferred biosimilar oncology product(s) vs innovator product(s), sometimes requiring provider attestation for innovator product coverage (**Figure 3**). Other payers also exclude the innovator oncology product from formulary, or require stepping through a biosimilar product prior to covering use of the innovator product. Most interviewed pharmacy directors (80%) have established preferred biosimilar oncology products, compared to 50% of medical directors.

- In this sample, 2 respondents report up to a 30% net cost differential between biosimilar and innovator oncology drugs associated with exclusion of the innovator product from their formulary in Commercial plans.
- Two other respondents who do not currently have preferred biosimilar oncology products believe a cost differential between 15% to 30% would be sufficient for them to consider preference of biosimilars in the future.
- Some unaided payer challenges with biosimilar uptake include a lack of product interchangeability with existing biosimilars, lack of impactful price differentials, and associated administrative burden with biosimilar utilization.

**Figure 3. Establishment of Preferred Oncology Products and Preferred Oncology Biosimilars (Survey and Interview Respondents; N=20)**

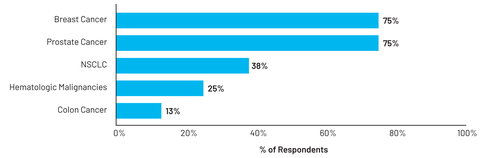



Q (Survey Respondents): Has your organization established preferred products in oncology class(es)?

Q (Interview Respondents): Has your organization established any oncology biosimilars as your preferred product?

A majority of preferred therapies in survey respondent organizations are indicated for breast and prostate cancers (75% each), followed by non-small cell lung cancer (NSCLC; 38%), hematologic malignancies (25%), and colon cancer (13%) (**Figure 4**). When asked which cancer types were associated with the most stringent utilization management controls, survey respondents provided similar answers, with the highest levels of management seen in breast and prostate cancers (38% each), followed by NSCLC and hematologic malignancies (12% each). On average, the increasing cost of cancer care was rated as having the highest level of influence on the respondent organization's decision to prefer products in these cancer types.

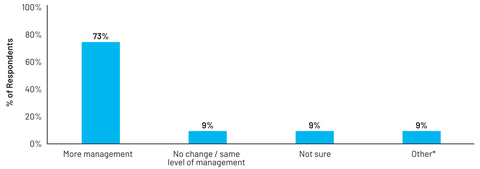
**Figure 4. Cancer Types With Preferred Products (Survey Respondents With Preferred Oncology Products; n=8)**




Q: In which oncology cancer type(s) has your organization established preferred products?

In the survey, 73% of respondents anticipate greater management of oncology drugs in the next 1 to 3 years (**Figure 5**). Some interviewed payers also anticipate that their organization's management of oncology products will increase in the next 2 years, including use of treatment pathways, site-of-care management, and contracting for favorable formulary tier positioning.

**Figure 5. Anticipated Change in Oncology Drug Management in Next 1 to 3 Years (Survey Respondents; n=11)**

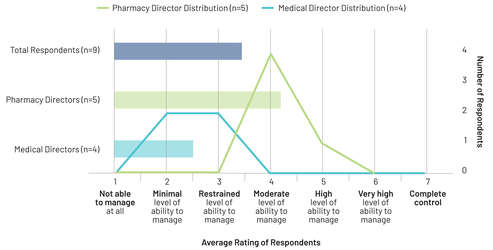



* "Other" response: more aligned risk transferred to provider (2-sided risk).

Q: How do you anticipate your organization's management of oncology drugs to change in the next 1-3 years?

Interview respondents, on average, report a restrained level of ability to manage oncology drug spend (**Figure 6**). Medical directors report a lower level of ability to manage oncology drug spend compared to pharmacy directors. While interviewed payers mention that successful oncology drug management is driven by evidence-based treatment, preventative medicine, reduced costs, and improved patient outcomes, they report only being moderately successful in their management of oncology drug spend, on average.

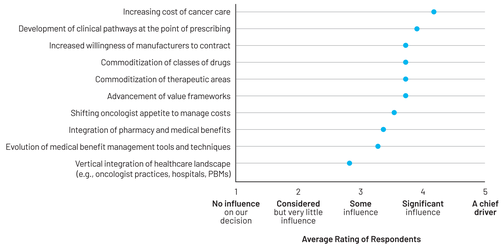
**Figure 6. Average Rating and Distribution of Level of Ability to Manage Oncology Drug Spend (Interview Respondents; n=9)**




Q: To what level is your organization able to manage oncology drug spend compared to other therapeutic areas?

Survey respondents are aligned, regardless of whether they currently prefer products in oncology, that the increasing cost of cancer care, development of clinical pathways at the point of prescribing, and increased willingness of manufacturers to contract have significant influence on oncology management decisions (**Figure 7**). Among those who are not currently preferring oncology products, manufacturer unwillingness to contract or concede on price is identified as the top obstacle preventing effective management of oncology drug spend.

**Figure 7. Average Rating of Level of Influence Considerations Have on Decision to or Likelihood to Prefer Product(s) in Oncology (Survey Respondents; n=11)**




Q (for respondents currently preferring products in oncology [n=8]): Rate the level of influence the following considerations had on your organization's decision to prefer product(s) in your most managed oncology category.

Q (for respondents not currently preferring products in oncology [n=3]): Rate the level of influence the following considerations will have on your organization's likelihood to prefer product(s) in oncology.

Unaided, three surveyed payers report that other significant influencers impact their decision-making to prefer products in oncology, including:

- Generic and biosimilar launches
- Multiple products with the same mechanism of action
- State regulations that limit health plan actions

Additional challenges to effective oncology drug management identified by interview respondents include:

- The voluntary nature of available clinical pathways
- Pathway unavailability as a tool for management within their organization
- A lack of pathways for drugs across all tumor types
- Provider incentives to use higher-cost medical benefit drugs based on buy-and-bill reimbursement
- Incremental clinical benefits between products
- Low correlations between price and value of products

## Conclusion

Oncology therapy management has historically been challenging for payers due to high cancer mortality, Medicare Part D protected class status, and a lack of manufacturer contracting, among other reasons. Payer management of oncology therapies is prevalent, with nearly three-quarters of payers surveyed indicating they have established preferred oncology products. Approximately three-quarters of payers surveyed also expect management of oncology products to further increase in the next 1 to 3 years as additional drugs are launched in the oncology market. Survey respondents are aligned that the increasing cost of cancer care, development of clinical pathways at the point of prescribing, and increased willingness of manufacturers to contract have significant influence on oncology management decisions. To ensure effective market access and payer strategies, manufacturers of oncology products should continually assess the competitive landscape for their product(s), as well as foster their understanding of the evolution of payer management in relevant cancer types.

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