

Are You Ready for Dynamic Healthcare Coverage Shifts?

▲ A recent article by the Kaiser Family Foundation (KFF), estimated that nearly **27 million people could lose employer-sponsored insurance** and become uninsured following job loss due to the COVID-19 pandemic. Among those who become uninsured after job loss, KFF stated that nearly half (12.7 million) would be eligible for Medicaid, and an additional 8.4 million eligible for marketplace subsidies.

WHAT DOES THIS TELL US?

There will be a variable level of impact to manufacturers in areas such as gross-to-net, utilization of support programs, and patient willingness to fill, which will depend on a specific asset's current or expected payer mix, respective channel rebate strategy, and patient financial sensitivity. Understanding the long-term impact must be equally prioritized for in-line products in addition to those under development.

WHAT THE HEALTH MARKET IS SAYING

“Health insurer Centene expects the rise in unemployment amid the spread of the coronavirus strain COVID-19 to boost Medicaid and Obamacare enrollment in the coming months and increase revenue by \$4 billion.”

– Forbes (4/28/2020)

Example of Potential Gross-to-Net Impact: This gross-to-net change is for a hypothetical market product that reflects the broader population's payer mix pre-COVID. It has relatively low competition (*leading to lower rebating in commercial/private and Medicare channels*) and a history of large price increases (*leading to greater rebating in Medicaid due to CPI penalty impact*).

▲ GROSS-TO-NET IMPACT

SEGMENT	REBATE*	Pre-COVID		Post-COVID		COVID GROSS TO-NET Δ
		Payer Mix	Gross-to-Net	Payer Mix	Gross-to-Net	
Commercial	10%	57%	27.2%	46%	33.4%	-6.1%
Medicaid*	75%	19%		26%		
Medicare	15%	13%		13%		
HIX	0%	3%		4%		
Uninsured†	0%/100%	9%		12%		

OUTCOME: For a brand that generates \$500M annually, every 1% in gross-to-net erosion results in a loss of \$5M.

*Inclusive of required and supplementary rebating plus CPI penalties.

†Uninsured assumes 65% participation in PAP program where manufacturer funds 100% of PAP cost.

WHAT SHOULD YOU BE DOING?

Manufacturers must reevaluate various aspects of their in-line and pipeline market access planning and strategy, including

- ❑ **Gross-to-Net Forecast Revision:** Revise near-term and long-term aggregate gross-to-net forecasts to factor in impact of payer segment shifts and greater use of patient assistance offerings.
- ❑ **Access Objectives Accuracy for Your Product:** Assess positioning within commercial and Medicaid accounts. Leverage projection data to payer universe to determine whether adjustments are necessary.
- ❑ **Account Reprioritization:** Reassess account-by-account current access positioning and engagement strategy, to optimally direct account team resources.
- ❑ **Contracting Strategy Refresh:** Solidify rebate ranges and Grants of Authority on an account-by-account basis to mitigate gross-to-net erosion given the new alignment of account lives.
- ❑ **Copay Support Structure:** Detect any shifts in patient financial sensitivity to determine if financial support programs require refinement.
- ❑ **Patient Assistance Offerings:** Evaluate the effectiveness of patient assistance programs focused on maintaining patient utilization as the uninsured/underinsured population grows significantly.
- ❑ **Pull-Through Reoptimization:** Survey HCP/patient/caregiver preferences for programs to maintain drug utilization as COVID-related challenges increase risk of nonadherence/compliance.
- ❑ **Socialization:** Develop a communication plan to clearly detail the challenges facing the brand to senior leadership and investors and outline the potential strategies to resolve these challenges.



How many of these boxes have you checked?
Let's get started today.

Contact us: info@precisionadvisors.com

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