# Oncology Pricing and Contracting Syndicated Report

From MMIT's sister company, The Dedham Group

## Why This Matters

Oncology therapy pricing and contracting trends help inform manufacturers on competitive benchmarks, offering types, impact and potential levers to deploy in support of portfolio value perceptions and performance.

### YOY Price and Contract Changes / Trends

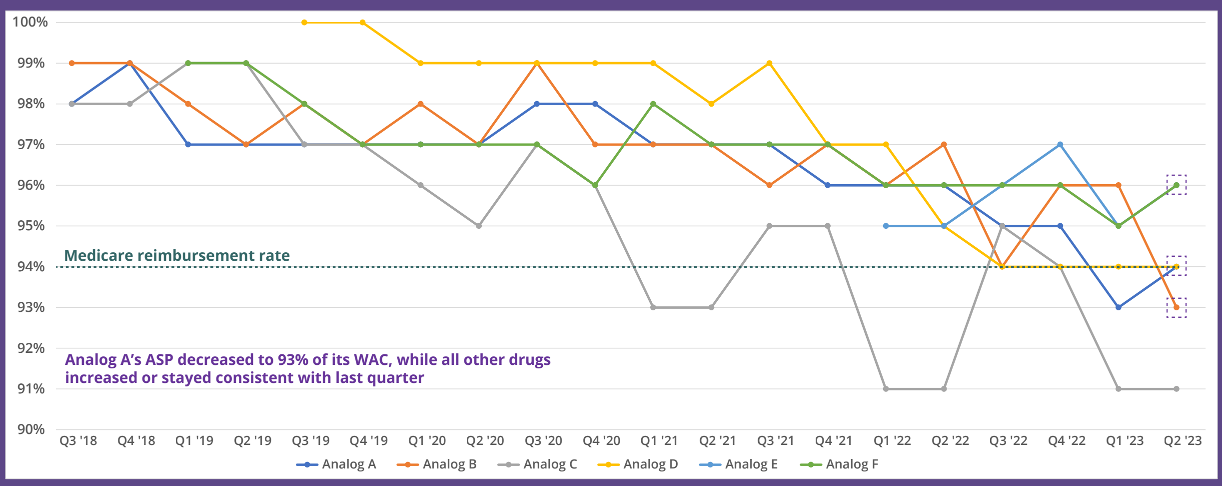
Analog B ASP to WAC ratio fell below the Medicare reimbursement rate at ~93%, while Analog A, Analog E, and Analog F experienced a ~1% increase, and Analog C and Analog D's were consistent with last quarter.

**Pricing and Contracting Changes**

| Products | YOY WAC Change | YOY ASP Change | ASP 4Q22 to 1Q23 | ASP 1Q23 to 2Q23 | Avg. Yearly Contract Adjustments |
|---|---|---|---|---|---|
| Analog A | 4.04% | 3.20% | (1.16%) | 2.79% | 0 |
| Analog B | 4.04% | 2.30% | 1.54% | (0.30%) | 2 |
| Analog C | 2.50% | 2.27% | (1.55%) | 0.33% | 1 |
| Analog D | 2.00% | (1.73%) | (0.10%) | (0.32%) | 1 |
| Analog E | 3.02% | 4.06% | 1.46% | (0.02%) | 1 |
| Analog F | 3.02% | 1.90% | 1.21% | (0.42%) | 1 |

### Select "Category X" Drug WAC vs. ASP Comparison Over Time

*(ASP / WAC Over Time)1*




## Purchasing Groups and Alignment by Channel

*Illustrative*

**Community Practice Purchasing Channels & Affiliations**

| Parent Entity | AmeriSource Bergen | McKesson | McKesson | Cardinal Health |
|---|---|---|---|---|
| GPO Name | ION | Unity | Onmark | VitalSource |
| Distributor Affiliation | Oncology Supply | McKesson Specialty | McKesson Specialty | Cardinal Health Specialty |
| Aggregators | Athena | -- | -- | ICUP (Anticipated) |
| Membership Targets | Practices, AON, One Oncology | US Oncology | Practices | Practices |
| Contracting Precedent | HIGH | HIGH | HIGH | HIGH |

*Ally & Hercules have been identified as emerging oncology GPOs (affiliations and impact TBD)

- **Distributor Alignment:** Community practices represent a larger potential contracting impact given GPO alignment to the distributor
- **Targets:** Given margin-sensitivity and influence on behavior, most manufacturers contract with GPOs, and may also provide enhanced offerings to networks, accounts, etc.
- **Precedent and Impact:** Significant precedent, with impact varying depending on clinical (e.g. degree of similarity) and category dynamics

**Institution Purchasing Channels & Affiliations**

| Parent Entity | Premier | Vizient | AmeriSource Bergen | Cardinal Health |
|---|---|---|---|---|
| GPO Name | Intersectta | Vizient Oncology Network (VON) | Strategic Alliance Network (SAN) | Traverse |
| Distributor Affiliation | Multiple | Multiple | ASD | Cardinal Health Specialty |
| Aggregators | -- | -- | -- | -- |
| Membership Targets | Non-340B | -- | Non-340B | Non-340B |
| Contracting Precedent | LOW-MOD | LOW-MOD | LOW | LOW |

*McKesson's Monarch / PACT has recently emerged

- **Lack of Distributor Alignment:** Limited contract pull through potential due to multiple distributors (e.g., Premier, Vizient)
- **Targets:** Given low account prescribing uniformity and high reimbursement margins, most manufacturers / GPOs target non-340B entities
- **Precedent and Impact:** Low precedent, with meaningful impact not able to be currently observed

In 1Q23, amidst the approval of Analog H, the pharma manufaturer launched a contract for Analog E at 2% total potential off WAC and 4% for select practices.

### Provider Account Contract Benchmarking

| Category | Product(s) | Target | Contract Terms & Structures | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | ASP Structure | Off Invoice Discount | Flat Rebate | Volume Rebate | Growth Rebate | Market Share | Portfolio Rebate | TOTAL POTENTIAL OFF WAC | Δ vs 4Q22 |
| Category X | Analog A | Select Accounts | -- | 5% or 8% | -- | -- | 0 to 7% | -- | -- | ~15% | -- |
| | | Oncology GPOs | 101.63% | -- | -- | -- | 0 to 7% | -- | -- | ~14.6% | -0.3% (ASP) |
| | Analog B | Oncology GPOs | -- | 4% | -- | 0% or 5% | 0 to 1% | -- | -- | ~10% | -- |
| | Analog C | Oncology GPOs | -- | 3.5% | -- | -- | 0 to 5% | -- | -- | ~8.5% | -- |
| | Analog D | US Oncology Network | -- | 2 to 4% | 1% | -- | 0 to 3% | -- | -- | ~8% | +1% (Contract) |
| | | Select Accounts | -- | 2 to 4% | 1% | -- | 0 to 3% | -- | -- | ~8% | +1% (Contract) |
| | | Oncology GPOs | -- | 2% | -- | -- | 0 to 3% | -- | -- | ~5% | +1% (Contract) |
| | Analog E | Oncology GPOs | -- | 3% | -- | -- | 0 to 4% | -- | -- | ~7% | -- |
| | Analog F | Select Accounts | -- | 3% to 3.25% | 0 to 2.75% | -- | -- | -- | -- | ~6% | -- |
| | | Oncology GPOs | -- | 2% | -- | -- | -- | -- | -- | ~2% | -- |
| | Analog G | Select Accounts | -- | 4% | -- | -- | -- | -- | -- | ~4% | +4% (Contract) |
| | | Oncology GPOs | -- | 2% | -- | -- | -- | -- | -- | ~2% | +2% (Contract) |
| | Analog H | Oncology GPOs | None Reported | | | | | | | | NEW as of Q1 |
| Category Y | Analog I | Oncology GPOs | -- | 3% | -- | -- | -- | -- | -- | ~3% | -- |
| | Analog J | Oncology GPOs | -- | 3% | -- | -- | -- | -- | -- | ~3% | -- |
| Category Z | Analog K | Oncology GPOs | -- | 1.5% | -- | -- | -- | -- | -- | ~1.5% | -- |

## Key Topics Covered

**Affiliations and Procurement Models**

- Community Practice GPO 2, Network / Collaborative Affiliation
- Hospital GPO (Intersectta) Affiliation
- Buying Processes and Contract Delivery Models

**Provider Contracting Landscape Trends**

- Indication Expansions, Data Releases and Competitive Events
- Provider Contracting Trends / Footprint
- Provider Economics (Challenges, Prioritization)

**Pricing and Contracting Benchmarking**

- Quarterly Pricing (WAC, ASP) and Contracting Changes
- Total Contract Potential Off WAC
- Contract Components, Structures and Tier Thresholds

**Impact on Economic Value**

- Quantitative Impact (ASP Erosion, Claims Share)
- Provider Economics (Net Cost Recovery)
- Provider Stakeholder Value and Pull-Through Perceptions

**Strategic Considerations**

- Prioritization of Risks and Potential Opportunities
- GPO and Network / Aggregator Stakeholder Targets
- Prioritization of Ongoing Tracking Elements and Focus Areas

## Terms and Definitions

- MS → Market Share
- GR → Growth Rebate
- PR → Portfolio Rebate
- GOB → Growth Over Baseline
- AON → American Oncology Network, LLC
- NCCA → National Cancer Care Alliance
- QCCA → Quality Cancer Care Alliance
- EOM → Enhanced Oncology Model
- MFGR → Manufacturer
- GPO → Group Purchasing Organization
- ASP → Average Selling Price
- WAC → Wholesale Acquisition Cost
- OID → Off-Invoice Discount
- FR → Flat Rebate
- VBR → Volume-Based Rebate
- MSR → Market-Share Rebate