

Specialty Carveout / Alternative Funding Vendor Syndicated Report

From MMIT's sister company, The Dedham Group

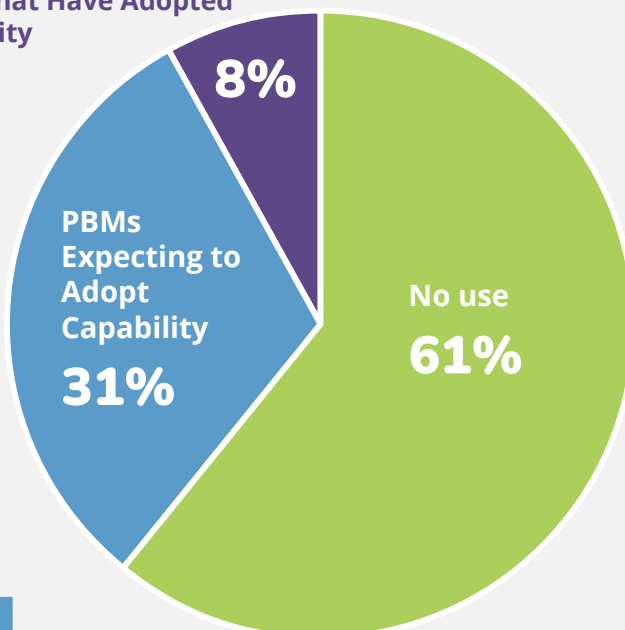


Why This Matters

Third party specialty carveout and alternative funding organizations are increasingly partnering with payers and employer groups to “carve out” the specialty benefit and leveraging tactics to increase patient and manufacturer cost share. It is critical for manufacturers to understand these vendors, their businesses models, their evolving management tactics, and patient access implications, in order to formulate a response strategy to ensure appropriate therapy coverage and optimal patient access.

Estimated Frequency of Specialty Carveouts[^]

PBMs That Have Adopted Capability



<10% lives exposed today, but >40% lives anticipate increased employer implementation in next ~3 years

[^]Drug Channels report on specialty carve-outs / AFPs from August 2022; also referenced in 2022 Gallagher Report

Stakeholder Pain Points

Provider	Patient	Manufacturer
Limited prescribing freedom due to increased preferencing	Poor clinical outcomes due to delays or switch to non-HCP preferred Tx	Inappropriate use of PAP program
Poor clinical outcomes due to delays or switch to non-HCP preferred Tx	Increased out-of-pocket cost challenges	Inappropriate extraction of copay funds
Increased prior authorization and appeals burden	Potential higher medical costs associated with worse outcomes	Fragmented brand access with carveout vendor exclusions

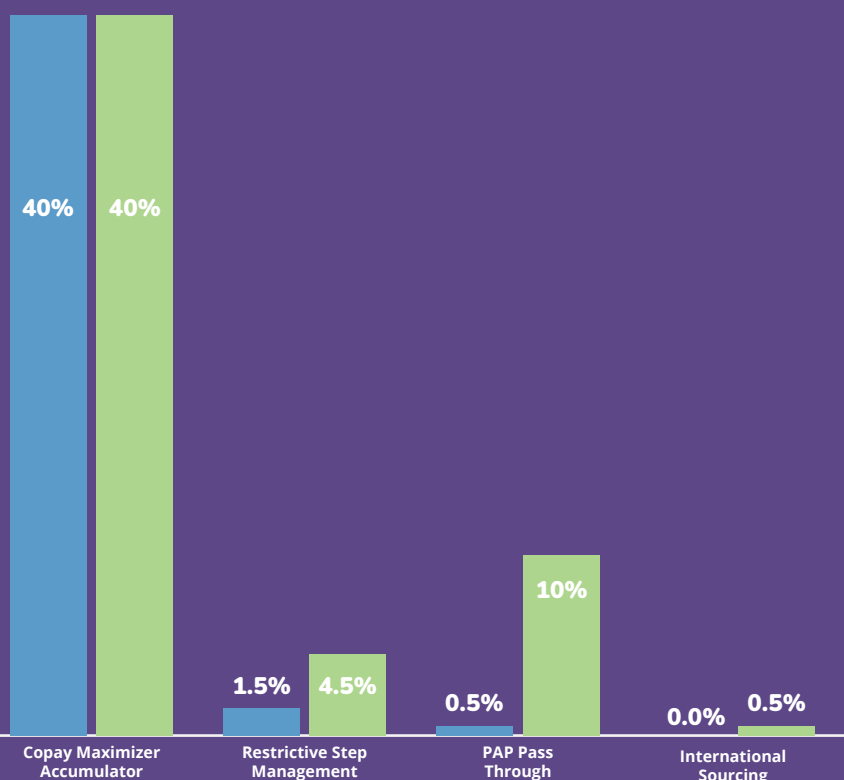
Growth Trajectory

Copay maximizers and accumulators have been broadly adopted, with other specialty carveout and alternative funding levers demonstrating short-term exponential growth.

Specialty Carveout / Alternative Funding Vendor Tactic Impact

(% Commercial Lives, Dedham Group Panel Research Insights)

■ Minimum % of Lives Impacted ■ Maximum % of Lives Impacted



Future Growth Trend Considerations

Specialty Benefit Management and Alternative Funding Lever Size and Growth

Copay Maximizer / Accumulator

- Adopted by big 3 PBMs, expected to continue to grow

Highly Restrictive Step Management

- Traction with large employer groups will support continued growth

Patient Assistance Program (PAP) Passthrough

- Compliance challenges create uncertainty around long term growth

International Sourcing

- Limited adoption and scaling challenges restrict growth potential

Growth estimates must be regularly refreshed given the rapidly evolving nature of the specialty carveout landscape.

Key Topics Covered



Specialty Carveout / Alternative Funding Overview

Who are key vendors implementing specialty carveouts and what management tactics do they use?



Stakeholder Pain Points Driven by Carveouts

How do specialty carveouts impact patients and provider access and what are manufacturer pain point implications?



Specialty Carveout / Alternative Funding Growth Trajectory

What is estimated current lives exposure to specialty carveouts and how is this expected to evolve over time?



Manufacturer Response Precedent

How have manufacturers responded to specialty carveout tactics (e.g., patient support programs and legislation)?



Manufacturer Implications & Response Opportunity

What key questions must be addressed to inform manufacturer specialty carveout risks and need to respond?

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