STATE OF SPECIALTY PHARMACY REPORT

TRACKING THE FUTURE OF SPECIALTY PHARMACY

2017

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ABOUT THE REPORT

Thank you for downloading the 2017 State of Specialty Pharmacy Report. To compile these results, we surveyed specialty pharmacy professionals of all levels across all specialties to uncover trends, opinions and predictions for the future of the industry.

We’ve broken down this report into three sections to help you discover analysis, insights and findings from:

- Section 1: Manufacturers
- Section 2: Health Systems
- Section 3: Specialty Pharmacy Professionals

Specialty pharmacy has experienced significant growth in recent years and continues to evolve in new and dynamic ways. Keeping up with and forecasting future change is a key challenge facing industry stakeholders. Changes to affordability, payor networks, accreditation needs and access to limited distribution drugs (LDD) all top the list of factors affecting professionals from across the specialty spectrum.

You will always be able to find this report, as well as many additional valuable resources, at CSIGroup.net. If you have any questions or comments, feel free to let us know. You are also welcome to use the findings found here as a resource in whatever medium you deem necessary, we simply ask you cite and link the report whenever possible.

Sincerely,

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ABOUT CSI SPECIALTY GROUP

CSI Specialty Group is a globally recognized; WBE Certified Leadership Consulting Firm dedicated to providing solutions that continually elevate the specialty pharmacy industry and manufacturing industries. By providing inventive consulting, workforce planning & talent acquisition solutions, we uniquely tailor our service offerings to help clients drive sustainable, accelerated growth.

As the provider of the industry's first, dedicated podcast for specialty pharmacy, CSI is at the forefront of pioneering innovative concepts to meet the changing needs of specialty pharmacy, home infusion, mail order/PBM, health systems, manufacturing and pharma/biotech clients across the USA and throughout Europe. In 2015 CSI was named a Top 5 Consulting Firm by Consulting Magazine.

With integrity as the cornerstone of all we do, we continually strive to position CSI Specialty Group as an organization of impeccable service and exceptional results – all teamed with a strong passion and determination towards excellence and the optimization of patient focused outcomes.

For more information about CSI Specialty Group, visit www.CSIgroup.net.
EXECUTIVE SUMMARY AND ANALYSIS

The 2017 State of Specialty Pharmacy Report Specialty includes information gathered and evaluated via an online survey by CSI Specialty Group from across three main areas of specialty pharmacy: manufacturers, health systems and traditional specialty pharmacy.

CSI Specialty Group regularly taps into the pulse of the industry for vital information about market trends and specific challenges that our healthcare segment faces. Few would argue that the market dynamics in specialty pharmaceuticals are changing rapidly; and by the year 2020, we can expect many new challenges in this space. The ever-accelerating market conditions call for sharp attention. It is imperative to quickly secure solid footing with regard to understanding industry trends and market forces to ensure optimal near-term success.

CSI Specialty Group set out to uncover the opinions, trends and impacts on the specialty pharmaceutical market today, to predict how our clients and other industry experts surveyed, might need to prepare for what is on the horizon. We believe that sharing experience and knowledge with peers, provides fertile ground for development in the specialty pharmaceutical industry. The pharmacies aware of these factors will be primed to drive what is most important: patient adherence and compliance - ultimately leading to improved outcomes and patient experience.

Summary of Survey Findings
With 55% of those surveyed having at least 5-years' experience in their current role, the information provided comes with a great deal of expertise. In the near future, the vast majority of the pharmacy spend will be mainly attributed to specialty pharmaceutical products. As such, we can assume that specialty pharmaceutical products will drive market growth and further transform the current pharmaceutical landscape.

MANUFACTURER SUMMARY

Today, those surveyed reported that 79.2% of manufacturers are managing their products through a limited distribution model. While there were heavier levels of limited distribution drug (LDD) focus in some specialty areas, there is an increasing level of limited distribution activity across the board in all specialty areas. The number of pharmacies included in each LDD program varied greatly, but if the market is any indicator, unless more pharmacies can provide the data required to assist in effectively managing the patient experience, adherence, compliance and outcomes, the number of pharmacies in the LDD space will likely continue to shrink. An area of great interest is the importance of data and reporting capabilities.

If a pharmacy aspires to earn inclusion into a limited distribution network, they will want to begin
discussions and express interest early in the process. While almost 40% of manufacturers are evaluating partner options during phase 3 and an additional 43.4% are still investigating their options after phase 3, it will be necessary for the manufacturer to be aware of your interest, prior to that time. Keep in mind that with 17.3% beginning this vetting process during phase 1 and phase 2, often, waiting can be detrimental to your efforts. It is always best to express interest early and begin the conversation, so the two companies can build familiarity prior to the process.

When a company comes to the table to present for inclusion in a manufacturers LDD, it is important to be seen as an expert in that clinical area, to have expertise, knowledge of the market and a strong understanding of the patient’s needs. There are two prominent areas of performance that will need to be demonstrated. The first one is the capability and willingness to capture and provide data to manufacturers. Data is king and it supports a manufacturer’s ability to drive optimized outcomes. The second key area of prominence for a pharmacy is to have strong access to lives. A pharmacy will want to be able to demonstrate the ability to serve patients through managed care contracting. If a company stands out in one or both of these key areas, they will likely earn a seat at the table when it comes time to evaluate finalists for access to LDD contacts.

For pharmacies looking to break into LDD networks, there is hope and opportunity. The survey found that the marketplace is dissatisfied with the services provided today in a handful of areas. Some dissatisfaction factors were:

- Problem solving
- Communication
- Responsiveness
- Data services and reporting
- Flexibility
- Customer services
- Fill times

These key factors hold the potential to negatively impact the patient experience and outcomes, if left unattended. Another area of focus was a desire for pharmacies to improve payor contracting, thus leading to greater access to lives. It was reported that 21.7% of those completing the survey believe their patients have challenges coming onto service 20% of the time. This represents significant dollars lost in either delays or patient having to switch to other therapies.

A growing dynamic is the willingness of manufacturers to consider health systems or IDN’s for inclusion in their networks, and of those surveyed, 73.9% have considered these entities. The number one reason to include a system was continuity of care and coordination of care. Even with these considerations, there are the perceived concerns that include consistency of care, the limited patient population and a lack of high touch services.

More than 26% of respondents say payors will drive more limited networks and push for higher touch service models for high dollar products.
The next set of responses expressed were relative to the lack of data they could provide to manufacturers and payor exclusions. As IDN’s and health systems pharmacy service evolves, these concerns may be alleviated and more of these entities may be likely to gain inclusion.

Where Hubs are used, there seemed to be some concern around communication gaps. This was reported by 21.7% of manufacturer representatives surveyed, with many other concerns mirroring the concerns mentioned above in the LDD partnerships.

Looking to the year 2020, the respondents feel there are many changes ahead. One of the biggest changes noted was more than 26% believed payors will drive more limited networks and push for higher touch service models for high dollar products. It is also believed that increased levels of robust and timely data will be required. There is also the opinion that the use of LDD networks will continue to grow and flourish.

HEALTH SYSTEM SPECIALTY PHARMACY SUMMARY

Changes to the marketplace have had tremendous impact on the health system specialty pharmacy with over 87% of those surveyed reporting that their patient census has grown over the past year. Of them, 10% reported that their census had grown by as much as 50%, while an additional almost 19% reported growth levels somewhere between 11-25%. These levels of growth place a significant level of pressure on the pharmacies to find ways to meet all the expectations required to provide the levels of care they must provide. Growth areas reported were in specialty areas across the board, but gastroenterology, rheumatology and hematologic/oncology led the way as reported by survey respondents.

With growth, one can expect challenges. The number one area sited was access to payor contracts, which was identified by 41.2% of the respondents. This is a particular area of focus for healthcare systems specialty pharmacies and as progress is made, should assist in gaining access to more specialty and LDD products. As mentioned in the manufacturer section, this has been one of the challenges in considering health system specialty pharmacies for inclusion in their LDD networks. The next most common challenge expressed was access to specialty products by manufacturers. Healthcare system specialty pharmacies have a strong grip on its physician engagement with just under 12% reporting they struggle with physician engagement. This tells us that physicians are willing to use the health system specialty pharmacy to care for their patients and this would also suggest there is confidence in the level of service they provide to their patients.

Only 43% of those surveyed report they have access to any LDD products, but clearly most are aggressively seeking access to these products. Efforts to align and work toward positioning
themselves for stronger consideration and ultimately gaining entry into LDD access is occurring today.

When it comes to accreditation, the two most prominent types of accreditation listed were Joint Commission at 64.3% and URAC at 42.9%, respectively. These are the two accreditations seen as the standard bearers at this point, with ACHC coming in a distant 3rd with 14.3% of the responses. The trend continues to grow in the direction of dual accreditation and the growing demand from payors to require dual accreditation may be driving that effort. Nonetheless, the accreditation process is a daunting one, and thus, pharmacies will look to capitalize on these accomplishments, especially with the payors.

While just under 12% have physician engagement challenges, 46% believe their ability to drive uptake of the specialty pharmacy has been average, below average or poor. The health systems who have succeeded in communicating effectively and marketing their capabilities have done extremely well with uptake, with 53.4% of respondents reporting, good or outstanding results in this area. It is important not to overlook the importance of a strong marketing plan if a pharmacy wants to perform to its potential.

There was somewhat of a disconnect between concerns manufacturers held about health system specialty pharmacies. We reported earlier manufacturers believe services were inconsistent, and there was a lack of high touch services. The respondents to this portion of the survey strongly believe that high touch services and the level of service is an advantage to which they bring to the table. This was communicated by 33% of the respondents from this arm of the survey. An additional 20% of respondents felt their electronic health record (EHR) integration and their overall integration into the hospitals, was a significant benefit they offered. The direct line to physicians, the integration of the EHR and the ability to pick up a phone and communicate between departments appear to signify strong continuity of care and the level of internal communication may very well present a benefit such as reduced readmission rates, versus a patient going outside the system and their pharmacy losing the communication level the health system offers.

Currently, these health system specialty pharmacies receive the majority of their referrals from doctors within their own health systems with 46.7% reporting that 10% or less of the referrals they receive come from outside their health system. An additional 26.7% reported that 20% or fewer come from outside their health system. There is little preventing the health system specialty pharmacy from going outside the walls of its own institution; and, someday soon, more of the health systems may begin doing so. The question is, will they still be able to offer high levels of continuity of care and internal communication between the pharmacy and the providers at that time?

46% believe their ability to drive uptake of the specialty pharmacy has been average, below average or poor.

56.3% of health system respondents see their industry growing, expanding and capturing more of the market by 2020.
As respondents look to 2020, they do see changes on the horizon and many of them will be favorable with 56.3% seeing their industry growing, expanding and capturing more of the market. It is also believed most of the mid-size to large IDN’s will be in specialty pharmacy and that payors, as well as pharmaceutical manufacturers, will recognize the value they serve. This may introduce a growing channel that will allow health systems to provide complete care of more of their own patients. There is also opinion they will be able to capture greater numbers of patients leaving the hospital with specialty needs. One of the areas health systems will need to develop is new and improved ways to market to the physicians in the system and increase capture rates, while gaining greater awareness throughout the health system as a whole.

TRADITIONAL SPECIALTY PHARMACY SUMMARY

The top disease state area reported in the traditional specialty pharmacy survey was gastroenterology, which represented 74.2% of respondents. While hepatitis C is the driver behind this statistic, there are also other areas such as Crohn’s disease and colitis, which heavily impact this percentage. The second most common area reported was hematology/oncology with 67.7% of respondents working in that space. The oncology focus would likely be higher if it were not for the large numbers of LDD programs in that area. Despite some of the barriers to access of certain products, the census of these companies is clearly growing with 90.3% of the respondents reporting they are experiencing growth.

Although the market is developing and growing at rapid rates of speed, remember, so too is the growth of the LDD approach. Many of these pharmacies experiencing growth today, will continue to experience compression in their growth. The demands for data, communication, expertise and REMS programs will eventually force these companies to increase their service levels to manufacturers or risk becoming obsolete in the market. The other big crossroads will be in their ability to earn contracts with payors.

The biggest challenge that traditional specialty pharmacies face is crystal clear: 37.9% of respondents are challenged in some way by access to payor contracts. This is placing them in a disadvantaged position and will likely continue to expand. The bottom line is these companies are frustrated by not being able to serve patients, even when the clinician and the patient have chosen them. Administratively, it is challenging to meet goals in an environment where a company can only serve 3-4 out of every 10 patients they receive from a prescriber. The second most reported challenge is being excluded from LDD networks, as reported by more than 20% of the respondents.

While LDD products are one of the biggest challenges for traditional specialty pharmacies, this does not mean there is no access to LDD products within the survey group as 67.7% of respondents reported that they do indeed have access to these types of products, but the
challenge is with limited access to the number of LDD products. The greatest challenge to
LDD’s was cited by respondents as the manufacturer. It seems that although manufacturers are
not overly satisfied with their current LDD networks, they continue to replicate similar programs
and do not step outside the box and implement real change in partners and offerings.

Many respondents felt not getting a seat at the proverbial table has put them at a disadvantage,
as they have something to offer, but have not been given the opportunity to be heard.
Respondents report the smaller census of patients they currently serve is one of the key
reasons they believe the manufacturers have not given them the opportunity to prove
themselves.

While some specialty pharmacies are not currently equipped to provide the data to
manufacturers, they are willing, given the availability of technology, to support this obligation.
Still, 76.7% of respondents report they are in fact providing data to manufacturers. Many are
willing to provide more services, but again, they believe they need a seat at the table to
understand the requests and then they can build around the need.

It is important for patients to receive therapy in a timely manner. Thus, the time to process a
referral and convert that into a serviceable patient is an extremely important factor in overall
success. With the increase in the amount of information needed and prior authorizations,
pegging down an acceptable average turnaround time of a referral received is difficult. In this
survey,

45.2% of respondents reported an average turnaround time from receipt of a referral until product is provided to a patient is
between 4-7 days while 35.5% reported the process takes them an average of 2-3 days. Still, almost 20% reported this
entire process is not measured in days, but instead in weeks.
While there are exceptions to every rule, this process should not be measured in weeks and should instead remain
measured in days with the goal to hire, train and implement personnel and processes that minimize this time span.

Earlier, we identified payor challenges as a primary issue for all respondents in each segment of
the survey. For traditional specialty pharmacies, 39.3% reported network exclusions and an
effort to cut out independent pharmacies has a negative impact on their ability to service
patients with another 25% reported underpayment, contracting and fair market value as critical
challenges. Another very common response covered the PBM’s carving out their own mandated
specialty pharmacies. The trifecta of reduction in accessible contracts, the lack of appropriate
payments by payors and the network lockouts by PBM’s are making it extremely difficult for
pharmacies to compete. The trend is not easing these challenges, so pharmacies will need to
become extremely efficient and more targeted in their efforts to excel in the market.

With the role of accreditations becoming more challenging and more complex, there has been a
focus on completing this process in an effort for pharmacies to feel they can gain entry into
more payor contracts. Increasingly, the PBMs require dual accreditations in order to gain entry
into network contracts. The one misconception made by many pharmacies is that if they
complete 1 or 2 accreditations, they will gain entry into payor networks.

It is important to note that accreditation alone will not grant access into most plans; instead, it will only serve as a vehicle to give you a better chance to earn a seat at the table. The bottom line is that if you don’t have any accreditations, in most cases, this will create a major obstacle in to drive success in today’s market. In the traditional specialty pharmacy segment, the two most common accreditations sited were URAC at 62.1% and ACHC at 37.9%.

The survey looked at how effective the sales teams were within the survey respondent’s companies. This is an important component because you can do everything else right and with an unqualified or untrained team, the referrals will not come across the line and everything you worked to build will topple over. In this survey, 36.7% believe they have an “outstanding” sales team, while 36.7% stated their sales team was “good” and 26.6% of respondents believe their sales team are somewhere between average and unacceptable. It is important to note that unless someone is actively spending time in the field with your sales team observing, coaching and holding everyone accountable, it is challenging at best to assess a team’s capabilities and skill level. It is promising to see the positive perceptions of so many sales teams; and this could signal more and more companies are investing in training and coaching to optimize the team’s performance. With respect to the biggest challenges facing sales teams, it was identified that 25% of respondents believe payor challenges and the sales teams lack of understanding of payors, PBM’s, etc. are a challenge. Also, over 10% cited regional or larger pharmacies were a major challenge for sales representatives to drive success. It is important for salespeople to understand the competition and who they are competing against. The message for contending with each competitor should be succinct and effective.

When asked to determine what set their pharmacy apart, it was no surprise that 32.1% felt their personalized and efficient level of customer service stood out as the most common answer. Following that, 21.4% felt their local and independent attributes set them apart. The challenge we see here is that the number one response was customer service; and if a company feels customer service sets them apart, they need to take a deep, internal look and determine what that unique service offering is. In other words, customer service is not a differentiator because so many specialty pharmacies have it. If you offer prior authorization services for instance, is that a differentiator? If most other pharmacies are doing the same thing, it is likely that this may not set one company apart from the others. A company will want to find something unique that it can take to the market and truly differentiate itself.

It is significant to see the impact payors are having on the ability to service patients in numbers as 30% of the respondents said they could only service 50% of the patients they receive. This number is not too surprising, but to improve the conversion percentage, companies may consider spending the time evaluating where to play and how to win. Focusing in areas with higher conversion rates, both geographically and specialty focus areas, could increase the potential of bringing in a higher conversion rate.

By improving conversion rates, finding ways to truly differentiate a pharmacy, developing the
capability to provide more robust data and implementing adherence and compliance programs, while proving outcomes, a pharmacy will put themselves in a better position when it comes to both payors, as well as LDDs.

Traditional specialty pharmacy survey participants also see many changes coming to the market by the year 2020. The outlook in this arm was more tempered from 35.7% of the respondents. They identified large PBM’s and health plans as continuing to drive more patients to one another and fewer in their direction. There is also a belief that reform is needed for smaller pharmacies and independents to compete well into the future.

There was also a feeling that with more specialty products coming to market, they will bring increased restrictions and tighter networks with them. In addition to some of the feedback, this group is also concerned with the impact that the increasing position of health system specialty pharmacies and the impact they may have on their business. It will become imperative that as the market continues to change, these pharmacies, recognize the trends and stay ahead of them.

Becoming efficient and nimble, while developing the offerings that will allow them to compete will position them in a more favorable future position.
SECTION 1

MANUFACTURERS
What is Your Job Title?

Of the manufacturers who participated in the 2017 State of Specialty Pharmacy Report, respondents reported job titles in the following categories:

- Account Executive
- Associate Director of Specialty Trade
- Associate Director of Trade Strategy
- Channel Accounts Director
- CEO
- Director of Specialty Trade
- Director of Strategy and Operations
- Executive in Residence
- Executive Sales Professional
- Medical Science Liaison
- National Account Director
- National Account Executive
- Vice-President Operations
- Vice-President of Sales
- Vice-President of Specialty Programs
- Senior Director
- Senior Director of Managed Care Support
- Senior Director of Trade
- Senior Manager of Specialty Pharmacy Strategy
- Senior National Account Director
- Strategic Account Manager
How Long Have You Been With Your Company?

When asked how long they have been with their current company, 33.3% of manufacturer respondents indicated that they have been with their employer for more than 10 years, 29.2% of respondents said between 5-10 years, 8.2% of respondents indicated between 2-5 years, and 29.2% reported being with their current company for less than 2 years.
When asked which specialties use their products, an overwhelming majority (78.3%) of manufacturers said their products are used in oncology/hematology. Other specialty areas where manufacturers reported their products are employed included:

- Immunology - 52.2% of manufacturers
- Rheumatology - 47.8% of manufacturers
- Neurology - 43.5% of manufacturers
- Respiratory - 39.1% of manufacturers
- Dermatology - 26.1% of manufacturers
- Infectious Disease - 21.7% of manufacturers
- Pediatrics - 21.7% of manufacturers
- Gastroenterology - 17.4% of manufacturers
- Other - 39.1% of manufacturers (including Cardiology, Hemophilia, Ophthalmology, Pain Management, Genetics, Transplant, Enfos, and SSS)
Are Any of Your Products Managed By Limited Distribution?

When asked if any of their products were managed by limited distribution, 79.2% of manufacturers reported they did have products managed by limited distribution.
What Specialty Areas Are Your LDDs Associated?

As for the particular specialty areas associated with those limited distribution drugs (LDDs), Oncology/Hematology again topped the list with 41.7% of manufacturers having LDDs in that category.

Other top categories linked to LDDs included:

- Respiratory - 25.0% of manufacturers
- Rheumatology - 20.8% of manufacturers
- Neurology - 12.5% of manufacturers
- Dermatology - 12.5% of manufacturers
- Gastroenterology - 8.3% of manufacturers
- Pediatrics - 4.2% of manufacturers
- Other - 37.5% of manufacturers (including Cardiology, Diabetes, Genetics, OB-Gyn, Ophthalmology, Podiatry, Retinal, Transplant, and WWW)
- N/A - 20.8% of manufacturers
How Many Specialty Pharmacies Do You Have In Your LDD Network?

There was a wide variance as to the number of specialty pharmacies each manufacturer had in its LDD network:

- 45.8% of manufacturers reported having 10 or fewer specialty pharmacies
- 20.8% of manufacturers stated they had more than 20 specialty pharmacies
- 8.3% of manufacturers possessed multiple pharmacy ranges for different products (i.e.: some products had only one SP, others had 10 or more SPs)
- 25% of respondents were not able to provide accurate information
At What Stage of Product Development Did You Begin Evaluating Your Specialty Pharmacy Partners?

When asked at what stage of product development they begin evaluating their specialty pharmacy partners, 39.1% of manufacturers reported having done so at Phase 3 while others reported:

- 21.7% at product launch
- 21.7% at post-marketing
- 13% at Phase 2
- 4.3% at Phase 1
What Are The Top Reasons You Chose The Specialty Pharmacy Partners In Your Network?

Choosing the right specialty pharmacy partner is a detailed and complex process that can involve multiple criteria depending on each manufacturer's unique situation. When asked what the most important reasons for choosing the specialty pharmacy partners in their network were, manufacturers indicated a myriad of factors including:

- Access, control, and data capability
- Support services rendered, patient population served, clinical and depth of expertise, understanding patient needs, and enhancing patient experience
- Innovation, reliability, and willingness to partner
- Existing relationships
- Scale of networks/payor networks and payor relationships
- Specialty focus, therapeutic class experience, volume, and geographic coverage
- Committed and able to execute FDA-mandated REMS programs
- Managed Care Contracts and disease state
- Supply chain management, size, and cost
- Suited for buy and bill medical products
How Can The Specialty Pharmacies In Your Current LDD Network Improve?

When asked how the specialty pharmacies in their current LDD network could improve, manufacturers provided some candid advice with 47.8% of respondents indicating a desire for an enhancement of manufacturer services across the board including problem-solving, communication, responsiveness, data services, flexibility, reporting, customer service, and time to fill.

Secondly, 21.7% of manufacturers suggested that SPs in their current LDD network improve access to and quality of data.

Other recommendations included:

- Enhance patient education, and show more willingness to use manufacturer product materials
- Improve cost, capabilities, and customer base
- Improve speed to therapy and adherence
- Enhance the patient and physician experience
- Drive innovation
- Work more closely vis à vis payor insights and be more proactive
- Improve contracts with payors
- Increase focus on clinical, and less focus on hub services
- Develop focused teams on managing products
- 30.4% of respondents were unsure or were unable to respond
What Percentage of Patients Referred To Your LDD Partners Are Not Able To Be Serviced By Those Specialty Pharmacies Due To Payor /Access Challenges?

Almost 60% of manufacturers reported their patients had some sort of issue being serviced by their LDD partner specialty pharmacies to some degree. Although the percentage of patients with issues differed among respondents, a majority reported some level of difficulty. Most manufacturers reporting difficulty (21.7%) indicate 20% of their patients had difficulties with service, and 17.4% claimed that 10% of patients had problems with service.

- 8.7% of respondents reported a 30% difficulty rate
- 4.3% of respondents reported a 40% difficulty rate
- 8.7% of respondents reported more than a 50% difficulty rate among their patients serviced by their LDD partner pharmacies
Have You Considered IDNs Or Health System-Owned Specialty Pharmacies For Inclusion In Your Limited Distribution Network?

An overwhelming 74% of respondents reported they have considered IDNs or health system-owned specialty pharmacies for inclusion in their limited distribution network while 26% have not.
What Do You Believe The Biggest Benefits Might Be When Considering A Health System-Owned Specialty Pharmacy?

A majority of respondents indicated that better continuity, patient transition, communication, and coordination of care are the largest benefits when considering a health system-owned specialty pharmacy.

- 52.2% of manufacturers indicated better continuity, patient transition, communication and coordination of care
- 17.4% cited improved access and coverage
- 17.4% stated ability to provide data, alignment to patient records, integrated inpatient and outpatient electronic health record (EHR)
- 44% indicated a built-in network of medical expertise and speed to therapy

Other responses included:

- Patient education, broader patient population
- Time to first fill
- Improved adherence, quality, and time to implementation
- Regional touch and feel
- 17.4% of respondents were unsure or were unable to respond to the question
What Would Potential Drawbacks Be When Including Health System-Owned Specialty Pharmacies In Your Network?

Respondents concerns centered around four main categories:

 Patients (indicated by 26.1% of respondents)
  - Fragmented customer group, inconsistent service
  - Limited patient population
  - Lack of patient insight
  - Lack of MD access, patient education
  - Limited exposure to many patients with an orphan disease
  - Lack of high-touch services, lack of a dedicated team specifically for disease state

 Data (mentioned by 21.7% of respondents)
  - Access to data
  - Lack of data insights and reporting ability
  - IMS blocks
Network (cited by 21.7% of respondents)
- Network exclusion plans
- Increases the number of parties wanting into the network
- Payor network, regional scope
- Defining which integrated delivery networks (IDN) make sense
- Lack of network size

Other (mentioned by 34.8% of respondents)
- Lack of innovation
- Leakage
- Payor contracts
- Lack of control of product usage
- Consignment
- Fees
- The need to manage multiple vendors, and decreased leverage for exclusive partner with payors
- Inventory management and timely payment

Only 4.5% of respondents thought there were no major drawbacks and 9.1% did not provide an answer.
If You Are Currently Managing Your Products Through a HUB, What Improvements Would You Like Made To Your HUB Model?

Of total respondents, 21.7% said they would like to see better and more effective communication between pharmacy, provider and patient; improved data flow; and faster turnaround time (patients on therapy) when it comes to their HUB. Other answers and suggestions include:

- 4.3% of respondents reported that their HUB was functioning well
- 31.8% of respondents were unsure, not currently using a hub, or were unable to answer

Other suggestions for improvement included:

- Deeper calls
- “Less Hub” because it often gets in the way and confuses patients
- Outsourcing
- Enhance technology
- Use the HUB as a backend HUB
- Cost and consistency of service level
- Improve adherence
- Metrics on data and complete referrals/enrollments in
- Hubs are owned by wholesalers
How Do You Anticipate Your Company’s Needs And Expectations Will Evolve Into 2020 When It Comes To Establishing Your Limited Distribution Channels And Why?

More an 26.1% of manufacturers mentioned the impact that payors, payor networks and payor mandates will have moving toward 2020, in particular:

- Payors are seeking specialty pharmacies to support high cost treatments; specialty pharmacies are designed to offer high touch services that support patients and adherence
- Payors will drive the limitations
- Smaller networks as payers leverage their reimbursement

In addition, 17.4% of manufacturers cited more and better data, increased speed of data and analytics, as well as a need for data to assess patient profiles.

Then, 8.7% of respondents cited coverage and coverage improvements as key factors. Another 8.7% of manufacturers reported direct relationships with providers will determine partnerships and payors, pharmacies and manufacturers will need to work together to demonstrate value to patients and the healthcare ecosystem. And 8.7% of respondents saw consolidation on the horizon and the narrowing of the industry depending on distribution options.
Other responses included:

- Accountable Care Organizations (ACO) and shared risk will necessitate the need to engage with large health systems who have their own members/employees and contracted payers
- Marketplace risk taking might bring other players to the distribution table
- Increased LDDs programs due to targeted therapy launches and the need for better patient outcomes
- Need for effectiveness of drugs to shape future targeting
- Needs will growth as pipeline is heavily focused on specialty
- Product mix and where resources will be dedicated
- New products could possible be limited distribution as well, and possible expansion of other limited distribution networks
- Biosimilars will change access strategy

A small number (13%) of respondents did not answer.
What Is Your Title?

Health system specialty pharmacy professionals who participated in the 2017 *State of Specialty Pharmacy Report*, reported job titles in the following categories:

- Director of Pharmacy - 66.7%
- Procurement/Purchasing - 13.3%
- Other - 20% (including Director, Tech, and Buyer)
How Long Have You Been In The Health System Specialty Pharmacy Industry?

When asked how long they have been in the health system specialty pharmacy, 31.3% of respondents indicated more than 10 years, 12.5% of respondents said between 5-10 years, 25% of respondents between 2-5 years, and 18.8% reported working in health system specialty pharmacy for less than 2 years.
When asked about the particular disease states that they service in their specialty pharmacies, nearly 70% of respondents said that they service oncology/hematology, and 62.5% cited servicing both rheumatology and infectious disease.

Other disease states serviced by health system specialty pharmacy professionals included:

- Immunology - 43.8% of respondents
- Neurology - 31.3% of respondents
- Respiratory - 37.5% of respondents
- Dermatology - 37.5% of respondents
- Pediatrics - 31.3% of respondents
- Gastroenterology - 50% of respondents
- Other - 50% of respondents (including CF, Rare disease, Geriatrics, HIV, HJH, PAH, and Cardiology)
Has Your Pharmacy Patient Census Grown In The Last Year?

When asked if their patient census had grown in the last year, and by how much, an overwhelming 87.5% of specialty pharmacies reported that yes, their pharmacy patient census had indeed grown in the past year.
How Much Has Your Patient Census Grown In The Past Year?

As a follow-up question, respondents were asked by how much their patient census has grown. Their answers:

- 50% of respondents said their patient census had grown by 0-10%
- 18.8% of respondents reported their patient census had grown by 11-25%
- 6.3% of respondents said their patient census had grown by 26-50%
- 12.5% of respondents indicated their patient census had grown by 51-75%
- 12.5% of respondents were unable to provide accurate information
When asked which specialties were fueling growth in their specialty pharmacies, half of the respondents indicated that rheumatology, oncology/hematology, and gastroenterology were all driving growth in their industries. Other disease states driving growth included:

- Infectious disease - 18.8% of respondents
- Neurology - 12.5% of respondents
- Respiratory - 12.5% of respondents
- Dermatology - 12.5% of respondents
- Pediatrics - 6.3% of respondents
- Other - 25% of respondents (including CF, Geriatric, PCSK9 Agents (Lipid), and Cardiology)
What Has Been the Biggest Challenge to Your Growth?

Health system specialty pharmacy professionals were asked what their biggest challenge to growth has been and 41.2% indicated their biggest challenge was access to payor contracts, while 29.4% said that access to specialty medication was their biggest challenge to growth, 11.8% cited physician engagement, and 5.9% said that health system engagement was their biggest challenge.

Others (11.8%) mentioned other factors including PA-Cs and hiring the right leader as challenge to their growth.
Do You Have Access to Limited Distribution Drugs (LDDs)?

A majority of respondents (56.3%) said they do not have access to LDDs, while 43.8% said they do.
List the LDDs You Have Access To

Respondents were asked to list the LDDs that their health system pharmacy has access to. Results were as follows:

- Humira
- Imbruvica
- Imbruvica
- Biogen MS Products
- Bayer Oncology Products
- Cabometyx
- Revlimid
- Pomalyst
- Orkambi
- Tecfidera
- Ofev
- Esbriet
- Repatha

Several respondents did not provide names of drugs; and 14.3% of respondents did not have access to any LDDs while 28.6% of respondents could not disclose or were unable to provide accurate information.
Health system specialty pharmacy professionals were asked what accreditation they currently hold. Their answers:

- 64.3% - Joint Commission accreditation
- 42.9% - URAC accreditation
- 14.3% - ACHC accreditation
- 21.4% - ASS, DNV, and CPPA
How Successful Is The Health System At Driving Up The Use Of Your Specialty Pharmacy?

Respondents were asked how successful the health system is at driving up the use of specialty pharmacy. Their answers:

- 46.7% of respondents said good
- 20% of respondents said average
- 20% of respondents said poor
- 6.7% of respondents said outstanding
- 6.7% indicated below average
What Attributes Set Your Specialty Pharmacy Apart?

Respondents were asked what attributes set their specialty pharmacy apart in the marketplace. Their answers:

- 33.3% of respondents mentioned their level of service, high touch, continuum of care, and the ability to provide care close to home
- 20% of respondents cited EHR integration, EMR access and documentation, and integration with the health system
- 13.3% of respondents mentioned clinical pharmacists and liaisons embedded in specialty clinics; one of those currently has 26 pharmacists serving 20 unique specialty clinics
- 6.6% of respondents indicated their growth was the key attribute setting them apart from the pack
- 20% of respondents did not have a specialty pharmacy or were just starting out
- 13.3% of respondents were unable to provide accurate information
What Is A Benefit Of Using The Health System Specialty Pharmacy Instead Of A Traditional Specialty Pharmacy?

When asked to compare using the health system specialty pharmacy instead of a traditional specialty pharmacy, the largest number of respondents (43.8%) indicated continuity, comprehensiveness and coordination of care, and speed to therapy as the main benefits. Other answers included:

- 25% of respondents mentioned EHR and health record integration
- 12.5% of respondents were unable to provide accurate information
- 6.2% of respondents said they prefer to use traditional specialty pharmacy

Other benefits mentioned include:

- All data coming from one source
- Superior infrastructure
- Shared common goals for patient outcomes and reimbursement in ACO world
- Remain part of the treatment decision-making process
- Profit margins
- Having close relationships with referring practices
- Closer to home
- Cost containment
- Training and education
When asked what percentage of referrals come from outside their own health system, a majority of respondents (46.7%) said only 10% come from elsewhere. Other answers include:

- 26.7% said 20%
- 13.3% said 30%
- 6.7% said 70%
- 6.7% said 50%
How Do You See Health System-Owned Specialty Pharmacy Evolving Into 2020?

A majority of respondents (56.3%) see the industry growing, expanding and capturing more of the market moving toward 2020.

Other respondents believed that the majority of mid to large integrated delivery networks (IDNs) will be in specialty pharmacy at some level and that payors and pharma will have established a channel for IDNs to take care of their own patients.

Other health system SP professionals see an increased focus on health system specialty pharmacies because of the deep level of integration these institutions have with the practices they partner with; and because the patient also belongs to the health system, health system specialty pharmacies possess a level of accountability for their patients above and beyond outside specialty pharmacies.

Other responses included:

- Greater “steerage”
- Having more availability to specialty drugs and an increased ability to supply medication to patients that health system specialty pharmacies are diagnosing, treating, and monitoring
- 12.5% of respondents did not provide answers
What Is Your Title?

The general specialty pharmacy professionals who participated in the 2017 State of Specialty Pharmacy Report, reported job titles in the following categories:

- Director of Pharmacy - 16.7%
- Pharmacist in Charge - 13.3%
- General Manager - 16.7%
- Vice President of Operations - 10.0%
- Other - 43.3% (including President, BD Director, COO, Chief Clinical Officer, Director of operations, Director, Sales & Marketing, NAM, Specialty Pharmacy, Senior project manager, Vice President, Business Development, Vice President third party, and former NASP Executive Director)
How Long Have You Been In The Specialty Pharmacy Industry?

Respondents were asked how long they have been in specialty pharmacy. Their answers:

- 29% - over 10 years
- 25.8% - between 5-10 years
- 19.4% - between 2-5 years
- 16.1% - between 1-2 years
- 6.5% - less than 6 months
- 3.2% - between 6 months to one year
What Disease States Do You Service In Your Specialty Pharmacy?

Gastroenterology was the most frequently mentioned disease state, serviced by 74.2% of respondents. Oncology/hematology was the second most cited disease state, with 67.7% of respondents currently serving the disease category. Infectious disease was mentioned by 61.3% of respondents, and rheumatology, dermatology, and neurology all came in at 58.1%.

Other results included:

- Immunology - 48.4%
- Respiratory - 38.7%
- Pediatrics - 32.3%
- Other - 35.5% (including Addiction, Endocrinology, Rare and Orphan, Fertility, Hepatitis, Hypercholesterolemia, substance abuse, OB/GYN, Osteoporosis, Growth Hormone, Hormone replacement, Ophthalmology, and Pain Management)
Has Your Patient Census Grown In The Past Year?

When asked if their patient census had grown in the last year, an overwhelming 90.3% of respondents answered affirmatively.
Which Specialties Are Driving Growth In Your Specialty Pharmacy?

Asked which specialties were driving growth, specialty pharmacy professionals reported disease states across the board including:

- Gastroenterology - 41.9%
- Rheumatology - 38.7%
- Oncology/hematology - 38.7%
- Dermatology - 35.5%
- Immunology - 32.3%
- Neurology - 25.8%
- Infectious Disease - 22.6%
- Respiratory - 16.1%
- Pediatrics - 16.1%
- Other - 32.3% (including Addiction, CF/NTM/BE, Cardiology, Orphan, Hypercholesterolemia, OB/GYN, Growth Hormone, Hormone replacement, and Pain Management)
When asked what has been their biggest challenge to growth, 24.1% of specialty pharmacy professionals cited access to patients, limited payor access, and payor mandates to specific specialty pharmacies as the greatest hurdles to overcome, while 13.8% named insurance companies and being excluded from insurance networks, 10.3% indicated PBMs and PBM practices and 10.3% cited marketing, resources, staffing and pricing.

- 6.9% reported commercial mandated plans and commercial mandating network mail order pharmacies
- 6.9% mentioned managed care and managing AR with limited staff

Other responses included:

- Difficulty with consultants
- Driving efficiencies along with maintaining high-touch care
- Health plans
- Limited distribution drugs
- PA criteria and physicians directing prescriptions to their own pharmacy or infusion pharmacy
- Lower reimbursement
- Regulatory requirements
What Has Been Your Second Biggest Challenge to Growth?

Specialty pharmacy respondents were then asked to describe their second biggest challenge to growth. The most reported response (20.7%) mentioned limited distribution drugs (LDDs) with 17.2% stating PBM practices and restrictive network access, 10.3% citing resources, talent, and turnover and 6.9% indicating direct and indirect remuneration (DIR) fees.

Other challenges mentioned were:

- Paperwork
- Polypharmacy
- Regulatory restrictions from insurance companies
- Reimbursement rates
- Appeal process
- Carve-outs
- Costs and margin compression
- Manufacturing issues
- Space
- Long waits for appointments
- HUBs
- Health system provider access
Do You Have Access To Limited Distribution Drugs (LDDs)?

When asked if they had access to limited distribution drugs (LDDs), 67.7% of specialty pharmacy professionals answered positively.
What Are Your Biggest Challenges In Obtaining Access to LDDs?

10% of respondents indicated that closed networks were a key challenge in obtaining access to LDDs, with one respondent referring to some networks as “completely locked down.”

20% of respondents mentioned manufacturers as key hurdles in gaining access to LDDs. They cited a range of factors such as an unwillingness by manufacturers to meet, difficulty determining when the manufacturer is reviewing its network, problems getting the attention of manufacturers, or simply convincing the manufacturers to sell to them.

A related obstacle was revealed by 13.3% of respondents who cited low volume and smaller patient populations as key factors in preventing them from getting into the network. Some went on to describe that, depending on the manufacturer, it can be difficult to get access to LDDs for disease states that are new to one’s specialty pharmacy, especially when there is not enough current patient volume to warrant inclusion.

6.7% of respondents specifically mentioned PBMs and certain PBM practices as hurdles to overcome. One respondent cited PBMs actually blackmailing pharmaceutical companies that attempt to select a primary pharmacy provider.

13.3% of respondents mentioned larger competitors, size, and lack of recognition and respect from peers as obstacles to access. One specialty pharmacy representative stated that Pharma
does not consider independent pharmacies large enough to grant them access, and questions their capabilities even if they do have the size.

16.7% of respondents cited accreditation, paperwork and other processes as the main factors impeding their access to LDDs.

6.7% of respondents indicated that they faced no challenges in accessing LDDs.

16.7 % of respondents responded as N/A or were unable to respond.
Respondents were then asked to list the LDDs that their pharmacy has access to. Their answers:

- 24.1% - Cosentyx
- 10.3% - no access to LDDs
- 6.9% - Zytiga
- 6.9% - Xolair
- 6.9% - Nucala

Other respondents (10.3%) indicated they had access to multiple LDDs but could not provide a complete list while 27.6% marked the question as ‘not applicable’ or could not provide the information requested.

Other LDDs mentioned included:

- Actemra
- Acthar
- Adcetris
- Affinitor
- Aldurazyme
- Aubagio
- Benlysta
• Bethkis
• Cayston
• Celgene REMS products
• Cimzia
• Daraprim
• Firazyr
• Genentech products
• Harvoni
• Humir
• Hycamptin
• Inlynta
• Imbruvica
• Kalydeco
• Kitbais
• Nutropin
• Makena
• Orkambi
• Otezla
• Respiratory CF Products
• Thalomid
• Tobi
• Xtandi
Do You Provide Data For Manufacturers?

When asked if they provide data for manufacturers, 76.7% of specialty pharmacy professionals answered positively.
What Is the Average Time From The Receipt Of A Referral Until The Product Is shipped To The Patient In A Situation Where A Prior Authorization Is Required?

A majority of respondents (45.2%) indicated between 4-7 days is the average time from the receipt of a referral until shipment when a prior authorization is required. Other responses:

- 35.5% - between 2-3 days
- 9.7% - between 1-2 weeks
- 6.5% - usually 1 day
- 3.2% - more than 3 weeks
What Software Does Your Specialty Pharmacy Use?

The most widely used software programs by respondents were:

- CPR+/Caretend - 32.3%
- Asembia - 19.4%
- Proprietary solution - 19.4%
- New Leaf - 16.1%
- Pioneer Rx - 16.1%
- Therigy - 12.9%
- McKesson Enterprise - 9.7%
- ScriptMed - 9.7%
- Rx30 - 9.7%
- ScriptPro - 3.2%
- QS1 - 3.2%
- Other - 22.6% (including Epic, Eterby, Internally built, proprietary, PDX, and RNA Helix)
What Are The Top Two Challenges You Have Encountered With Contracting Payors (Both PBMs and Medical)?

Specialty pharmacy health professionals were asked about the top two challenges they have faced with regard to contracting payors (both PBM and Medical)?

39.3% of respondents cited network exclusion, cutting independent pharmacies out of networks without substantiation, inability to get into the network, preferred networks already in place, and network requirements, with one respondent replying simply: “they hate us.” Another respondent mentioned the existence of mail order prohibition, denying patients’ rights to choose their own pharmacy.

25% of respondents reported underpayment, contracting and fair market value (FMV), and reimbursement rates and requirements, including some reimbursement plans which fall below cost. 14.3% of respondents mentioned the fact that PBMs have their own mandated specialty pharmacies or try to carve out for themselves.

10.7% of respondents cited accreditation process and requirements, and electronic reporting to access records. Another 7.1% of respondents mentioned insurance company coverage, complaining about money being taken back quarterly for veiled reasons, and the seemingly endless battle to get paid once a claim has been filed, only to have the insurance company refuse it later on.

Other challenges mentioned by respondents included:

- Price and reach
- Proving to payors the value of disease-specific specialty care
- Request For Proposal (RFP) process
- Not being eligible in all 50 states
- 10.7% of respondents were not able to answer
- 3.6% of respondents faced no particular challenges
Specialty pharmacy professionals were asked what accreditation they currently hold. Their answers:

- URAC - 62.1%
- ACHC - 37.9%
- The Compliance Team - 10.3%
- VIPPS - 10.3%
- Joint Commission - 6.9%
- CPPA - 6.9%
- Others - 10.3% (including CHAPS, VAWD, HQAA, PCAB, and PCCA)

Other respondents (3.5%) reported having no accreditations while 13.8% of respondents indicated they were currently in the process of applying for URAC and/or ACHC accreditation.
How Successful Would You Say Your Sales Team Has Been At Winning Referrals?

A majority of respondents (36.7%) said their sales team has been either outstanding or good at winning referrals, respectively. Other responses include:

- Average - 13.3%
- Poor - 6.7%
- Below Average - 3.3%
- Unacceptable - 3.3%
What Are The Biggest Challenges Your Sales Team Face When Trying To Win Referrals?

A wide array of factors were cited when outlining the biggest challenges facing sales teams.

Challenges in accessing networks and health plans were mentioned by 25% of respondents. Competition from other regional specialty pharmacies, from larger pharmacies, from preferred vendors, and from physicians sending patients to their own pharmacy were mentioned by 10.7% of respondents as significant challenges faced by their sales teams.

Another 7.1% of respondents reported in house prior authorization representatives sending patients to insurance mail order pharmacies, and interference from large mail order specialty pharmacies claiming ownership of the patient were also mentioned. An additional 7.1% of respondents said previous relationships and existing relationships with specialty pharmacies pose further hurdles for sales teams to jump through.

Sales teams also face difficulties in getting to know the network, accessing networks, overcoming gatekeepers, carve-outs, and PBM-owned pharmacies. One respondent indicated that winning referrals was the easy part, instead saying it was retention that was challenging because of PBM-owned specialty pharmacies.

Other challenges mentioned include:
• Providing a full portfolio of insurance payors and obtaining insurance coverage
• Recognition, visibility, and frequency of visits to offices
• Inability to fulfill orders
• Technology and speed of growth fears for a smaller sales team
• Awareness
• Ability to accommodate a limited number of patients and drugs, and ability to focus on specific disease areas

Other respondents (3.6%) focus on their own health system clinics and indicated no major challenges and 17.9% of respondents were unable to answer.
What Attribute Sets Your Pharmacy Apart From Others In Your Marketplace?

The largest number of respondents (32.1%) said their personalized and efficient level of customer service was a key differentiating factor for their pharmacy. Next, 21.4% of respondents mentioned their local, independent attributes that allow them to provide a high level of continuity of care, local access, faster and more flexible service, quality communication that only a smaller team can provide, and quick access to MD records.

Another 14.3% of respondents cited their care management services and attention to detail, customizable, data expertise, direct access to EHR and the ability to communicate directly with providers.

Next, 10.7% of respondents credited their high touch clinical case management model, and HUB services and 7.1% of respondents reported that communication was what set them apart in the market with another 7.1% of crediting their proprietary / advanced use of technology or dedicated sales force.

Other responses included:

- Being the only specialty pharmacy in the country to provide 100% of the products (including compounded medications) for comprehensive treatment
- Being the sole specialty pharmacy to stock investigational products
- Point-oriented operation
- A 90% fulfillment rate from referrals
- Turnaround time once approved
- Pediatric expertise

A small number (3.6%) of respondents did not answer.
What Are The Top 3 Reasons An Office Chooses A Particular Specialty Pharmacy?

Customer service (25% of respondents), relationships, including trust (21.4% of respondents), and communication (17.9% of respondents) were the most frequently cited factors. Follow through, fulfillment, thoroughness, turnaround time and/or timely delivery were also mentioned by 25% of respondents.

Ease of use and access to pharmacists, as well as network and payor access were important reasons for choosing a specialty pharmacy according to 14.3% of respondents with an additional 14.3% also citing history, recognition, notoriety and past performance. Patient care and management, and drug and product access were mentioned by 10.7% of respondents.

Transfer services, patient approval, convenience, speed, knowledgeable staff and service access, and financial assistance were mentioned by 7.1% of respondents.

A small number (7.1%) of respondents did not answer.

Other responses included:

- Advocacy support (patients and caregivers)
- Competency, dedication, and simplicity
- Dictated by insurance
- High level of PA and appeal service
• Plan requirements
• LDDs
• Mail vs Local
• Enrollment, minimizing polypharmacy
• Sales presence, PBM mandate
• Benefits investigation accuracy, prior authorization assistance, patient/nurse satisfaction
• Insurance mandate
• Help in reducing paperwork
• Pricing and data
What Percent Of Referrals Are You Able To Convert To Prescriptions You Can Service?

When it comes to actually servicing referrals with prescriptions, respondents said they are able to convert with various levels of success.

- 3.3% report servicing 10% of converted referrals
- 10.0% report servicing 20% of converted referrals
- 6.7% report servicing 30% of converted referrals
- 10.0% report servicing 40% of converted referrals
- 30.0% report servicing 50% of converted referrals
- 3.3% report servicing 60% of converted referrals
- 16.7% report servicing 70% of converted referrals
- 10.0% report servicing 80% of converted referrals
- 3.3% report servicing 90% of converted referrals
- 6.7% report servicing 100% of converted referrals
How Do You See Specialty Pharmacy Evolving Into 2020?

Despite strong growth in recent years, respondents have mixed feelings on the industry as it heads toward 2020.

Most respondents (35.7%) shared a tempered outlook on the future of the industry. Some of the highlighted responses include:

- Large PBMs and health plans will continue to drive more patients to one another, and orphan disease pharmacy will drive to disease-specific exclusive providers
- Smaller pharmacies will not be able to compete with the specialty pharmacies owned by big insurance companies
- Reforms are needed to allow independent specialty pharmacies into the network to disrupt the ‘exclusive club’ that now exists
- More limited access on both drug and payor fronts
- More drugs and more restrictions
- It will be extremely important to require reimbursement transparency as well as broader access to patients
  - The PBM-owned SPs are doing a clinical disservice to patients, as adherence rates and outcomes are poor

Other respondents (10.7%) foresee further consolidation in the marketplace, slimming margins, the growth of PBM-owned entities, and increased competition from physician dispensing.
Still others (28.6%) of respondents say they see the industry getting bigger, even growing exponentially. These respondents see a great opportunity for smaller players as volume increases and service decreases at the large PBM-owned specialty pharmacies. Others were hopeful that more independent specialty pharmacies will have a seat at the table and greater access.

Respondents predicted more players, better customer outcomes, higher rates of adherence to therapy, leveling out of prices, and more manufacturers competing against each other in the same therapeutic class.

Other select insights/predictions from respondents include:

- Increased use of biosimilars
- The majority of pharmaceutical costs will be from the specialty sector
- More cystic fibrosis drugs
- Increased patient specific offerings
- Evolving from a fee for service base to a risk sharing value-based reimbursement with a focus on outcomes
- Adherence to therapy and therapy results have to be the number one reason for specialty pharmacy

A small number (7.1%) of respondents did not answer.