



Managed Markets

Medicaid MCOs: Market Landscape Trends, Contracting Environment and Manufacturer Engagement

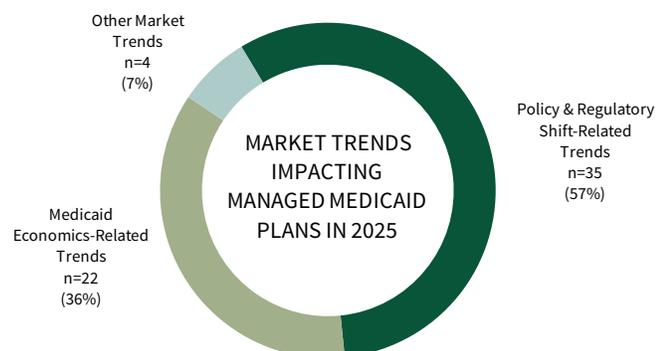
Managed Medicaid plans face mounting pressure as rising member needs and costs collide with reduced funding and eligibility constraints. HIRC's report, *Medicaid MCOs: Market Landscape Trends, Contracting Environment and Manufacturer Engagement*, reviews the Medicaid market landscape, the contracting environment, and pharmaceutical manufacturer engagement. The report addresses the following questions:

- What is the nature of the current Medicaid MCO market, including enrollment trends, spending, and Medicaid MCO market share?
- What top market trends are impacting the Medicaid MCO segment? What is the nature of the current regulatory environment and which key policy shifts are ahead?
- What are Medicaid MCOs' top strategic imperatives for the next 12-18 months?
- What are Medicaid MCOs doing to better manage drug costs and utilization?
- What is the current contracting environment across 20+ therapeutic areas? Which contract types are most frequently offered and what are the most common supplemental rebate/discount amounts?
- How do manufacturers benchmark in Medicaid MCO engagement?

Key Finding: Looking ahead, Medicaid MCO leaders express deep concern about shrinking enrollment, rising costs amid budget pressures, and member access to provider networks.

Policy Shifts and Medicaid Economics Top Impactful Market Trends Identified in 2025

Trends related to policy & regulatory-related shifts account for just over 50% of the market trends mentioned in 2025, while a majority of the rest center around challenging Medicaid economics (managing rising costs amid reduced funding). Specifically, the top trends identified are *Federal Medicaid Funding Cuts*, *Increasing Specialty Drug Spend*, and *Eligibility Tightening and Redeterminations*.



The full report examines these issues in greater depth, including an overview of the OBBBA provisions and Medicaid MCO leader responses.

Medicaid MCOs' Utilization Management Strategies in 2025

As a result of various funding pressures and policy shifts, Medicaid MCOs are likely to turn to stronger utilization management of high-cost drug areas. Currently, Medicaid MCO panelists report focusing on *More Rigorous Prior Authorization Criteria* and *Strict Formulary Control/Narrow Formulary*. Secondary initiatives to manage drug costs include *Use of Step Therapy*, *Biosimilar Utilization*, and *Pursuing Contract/Rebate Opportunities with Manufacturers*.

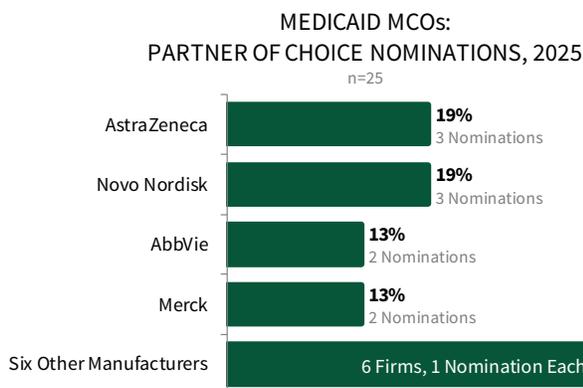
MEDICAID MCOs: KEY INITIATIVES TO MANAGE DRUG COSTS

UTILIZATION MANAGEMENT ACTIVITY	# OF MENTIONS
More Rigorous Prior Authorization Criteria	9
Strict Formulary Control/Narrow Formulary	9
Increase Use of Step Therapy	6
Increase Utilization of Biosimilars	6
Pursue Contracting/Rebate Opportunities with Manufacturers	5

The full report provides a complete listing of Medicaid MCOs' utilization management activities in detail across a listing of 20+ therapeutic areas.

Medicaid MCOs' Top Partners of Choice in 2025

AstraZeneca, Novo Nordisk, AbbVie, and Merck are most often nominated as Medicaid MCOs' overall partners of choice in 2025. Leading companies are noted for the overall quality of their programs and/or resources and willingness to contract. The full report provides benchmark ratings of 40+ manufacturers in presence, willingness to offer supplemental rebates, and quality of programs/resources.



Research Methodology and Report Availability

In October 2025, HIRC surveyed 25 Medicaid managed care organization (MCO) pharmacy and medical directors from national, regional, and BCBS plans. Online surveys and follow-up telephone interviews were used to gather information. The complete report, *Medicaid MCOs: Market Landscape Trends, Contracting Environment and Manufacturer Engagement*, is available now to HIRC's Managed Markets subscribers at www.hirc.com.

The Managed Markets Service provides strategic and tactical information, including customers' assessments of manufacturers' contracting and resources within four commercial and government market segments; market landscape trends and activity influencing the availability, price, and utilization of pharmaceuticals; managed markets headcounts and organizational trends based on confidential data from industry leading pharmaceutical companies; and the access and partnership landscape of key accounts.



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HEALTH INDUSTRIES RESEARCH CENTER (HIRC) is an independent, nonpartisan organization that conducts strategic market research on trends in health care, pharmaceuticals and managed care businesses. HIRC's benchmark studies focus on the marketing needs of pharmaceutical companies by providing research critical to the development of successful customer-focused marketing strategies.

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