ELECTRONICALLY REPRINTED FROM MAY 2013
Pharmaceutical Executive

Front & Center

Examining the Future of Patient Access

One expectation of health care reform implementation is millions of uninsured Americans gaining some form of insurance coverage. Manufacturer-sponsored patient assistance and access programs face unprecedented challenges as they evolve their models to best address the changing needs in the market. This was the overriding topic of CBI's 14th Annual Patient Assistance and Access Programs Conference on March 13-15.

Anthony B. Piagentini, Executive Director of Operations for Brand Support Services at Omnicare Specialty Care Group, discussed the access challenges facing specialty products post-health care reform. His talk included basic macro-economic principles affecting healthcare, an examination of the evolution of health insurance in the United States, results from the implementation of Massachusetts health care reform, and finally, a prediction on future specialty access. Following his presentation, *Pharmaceutical Executive* talked with Mr. Piagentini about some of the issues he raised in his presentation.

Why did you begin your talk by reviewing macroeconomic concepts and presenting the history of how health insurance has evolved? Why is this pertinent for pharmaceutical professionals?

Having a basic understanding of how the economy might react to various market shifts can help brand managers and others in the pharmaceutical industry better plan for various potential outcomes. One example of this is understanding how consumers (patients) will make decisions as costs continue to increase. Consumers make tradeoffs based on value. As cost-sharing for specialty pharmaceutical products increases, convincing consumers of the value of their medication compared to alternative options will become more important.

Anthony Piagentini

I reviewed the evolution of health insurance in the United States to remind us that many of the ideas put forth today have roots in insurance experiments of the past. For example, the only health insurance model that bent the cost curve down in the United States was Health Maintenance Organizations (HMOs). One of the issues with HMOs was the dual role of health care practitioners. They were supposed to advocate for their patients but were also financially incentivized to keep overall costs low since they were paid a lump sum per patient instead of per procedure. This has some parallels to Accountable Care Organizations (ACOs). These organizations will receive financial incentives to keep overall costs down by ostensibly eliminating unnecessary procedures and doing a better job of keeping the patient healthy and out of the hospital.

Finally, there is evidence that health insurance is moving back into a model that mimics how it started. Originally, insurance was only designed to protect against major hospitalization or other significant health related costs. Now we are seeing the rapid emergence of 'consumer driven health insurance'. This is a plan that covers patients for more catastrophic health problems but shifts costs to patients initially to financially incentivize them to make better decisions. The net outcome of these changes is that specialty manufacturers must prove and deliver value to various stakeholders (e.g. patients, ACOs) so they are willing to pay for the higher costs.

Assuming consumer-driven health insurance models continue to grow, what types of changes will specialty product manufacturers need to make in how they approach their customers?

Proving product value to patients will increasingly become the focus. The current model provides value propositions to healthcare practitioners and payers. Now, you will have to prove it to patients.

A recent McKinsey study examined patients' behavior when they were brought into a consumer-driven health insurance model. Patients were twice as likely to have a conversation with their healthcare practitioners about the cost of services being provided; three times

more likely to choose less expensive alternatives when the value proposition didn't justify the increased expense; and more likely to follow treatment regimens.

Over the years, the economic incentives to patients have distorted proper decision making. One example of this economic distortion is medical versus pharmacy benefit design in Oncology treatments. Due to benefit design, there are economic incentives for the oncologist to infuse drugs in an office setting rather than utilizing oral oncology therapies at home. In a consumer-driven health model, payers are doing a better job of protecting against this and better aligning financial incentives.

If accountable care organizations (ACOs) continue to expand post-health care reform, what might they ultimately look like; and how would that change the contracting and the value-landscape for specialty manufacturers?

When I think about ACOs I think 'big box retailer' healthcare service. Imagine going to a Wal-Mart-sized organization for your healthcare: In aisle 10, is primary care; in aisle 11, there's surgery; and so forth. This will be the one-stop-shop that includes everything from hospitals, to primary care, to mental health, and everything in between.

Over time, we can expect that ACOs will benefit from economies of scale. Given the significant overhead costs of operating health services, larger organizations will be more stable and profitable. These could evolve into large, regional healthcare organizations that cover entire geographies such as a Central New Jersey Healthcare System that included multiple hospitals, primary care offices, specialists, etc. Eventually, these organizations may evolve into insurers themselves, similar to what Kaiser Permanente has done in some regions of the United States. In our example of a New Jersey Regional Healthcare System, employers and their families in that area would contract directly with the organization. Since people rarely leave their local area and health care reform may make insurance more portable, the economic value argument for a specialty manufacturer changes. Currently, commercial payers generally care about a 2-year return on value since their assumption is that a patient will leave them and go to another insurer that quickly. If a large, regional ACO is acting like an insurer and is covering patients over a longer period of time, they will be more interested in a specialty product's 10-year, 20-year, or lifetime economic benefit.

The value to the organization of using a drug is more important than the actual cost of a drug. This will affect specialty decision-making from research to commercial deployment and change the discussion about the value a product brings to a payer. The one organization that does this well is the VA. Once a patient is in the VA, he or she is in for life. What's assessed then is lifetime value. Commercial insurers don't do it that way. The shift to ACOs might change that.

Right now the whole payer scheme is very complicated, and in the next 5 years, it stands to become even more complex. You're going to have exchanges, ACOs, commercial insurance, and a shifting Medicare and Medicaid landscape. Specialty manufacturers must create strategies and corresponding service-based tactics to help support their value argument and assist their patients in navigating the change.

How will the specialty pharmaceutical safety net evolve after health care reform completely takes effect?

Patient assistance programs will still be needed. Even several years after health care reform in the state of Massachusetts, there is still a portion of the population that cannot access insurance, even with the mandates and premium support.

The biggest change for specialty safety nets will be the need to manage patient cases more holistically. There will be a need to understand the dynamics of patients who are falling through the cracks and then assist each patient individually.

Currently, patient access services are important but generally not a primary driver of intelligence or value. In the future, specialty manufacturers must use these services as a key component of patient-relationship management. Patient-relationship management in the specialty space includes mining the information in the program to glean key customer insights to continue developing the patient value proposition, create true patient loyalty, and help with future marketing efforts through patient segmentation. These services will develop into a critical part of brand strategy trumping more traditional and increasingly shrinking marketing tactics like sampling or professional marketing.

How is Omnicare Specialty Care Group evolving to help manufacturers through these kinds of challenges?

Omnicare Specialty Care Group is a manufacturer-focused organization. Our unique suite of services is our first focus for creating platforms manufacturers need to help navigate the future. We accomplish this by placing operations at the head of the organization. Very early in the process, we're putting operations out there to help guide the manufacturer and partner with them to solve problems. We don't subscribe to the traditional sales model where the sales team passes the client to operations after the contract is signed. We examine our partner's brand strategy, match it up with our operational expertise and when we put that together, we get a solution that exceeds the demands of patients, aligns with the manufacturer-focused goals, and provides real value in the marketplace.

BROUGHT TO YOU BY Pharmaceutical Executive

CBI A SUBSIDIARY OF ADVANSTAR

Posted with permission from the May 2013 issue of Pharmaceutical Executive ® www.PharmExec.com.
Copyright 2013, Advanstar Communications, Inc. All rights reserved.
For more information on the use of this content, contact Wright's Media at 877-652-5295.