

Healthcare Brand Management Market Access Concepts

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What is Market Access?

- Degree to which a healthcare product is:
 - Easily prescribed/used by providers
 - Reimbursed by health plans
 - Effectively promoted/sold in a market segment
 - Available through a variety of contractual arrangements and supply chain sources



Access And Reimbursement

- If payers do not reimburse for a product, it is less likely caregivers and patients can use it
 - Marketing and sales initiatives of the manufacturer will be much less effective
 - Product likely will not be able to generate enough revenue to be commercially viable
 - Competitors gain advantages by their market access initiatives

Planning Access

- Product must be correctly positioned with its primary prescribers and provide clear clinical value in patient treatment (value proposition)
- Identify channels or market segments product will be used most in and where it realizes greatest revenue potential
 - Target predominant prescribers, payers in each channel
 - Develop a contracting strategy for each channel, account for enduser customers, leading payers, clinical protocols and trade relations

Planning Access

- Fortify product's position with physicians, pharmacists, nurses and other clinicians; define marketing strategy and accelerate growth with sales tactics, ongoing promotion and pull-through
- KOL support establishes a deeper conduit of influence into other clinical decision makers and their peers

Planning Access

- A direct customer contract can be undermined if product is available at a lower price through a GPO contract
- Distributors, wholesalers and other reseller contracts need channel alignment to protect agreements and maintain profit continuity in other market segments
- Discounts, rebates and other financial considerations need to be accounted for throughout the pricing and contracting process to assure net profitability
- Commercial contract pricing needs to be reconciled against government contracts requiring “best price”

Planning Access

- Sole awards and preferred product positions provide premium access but require the steepest discounts and garner the most competitive attention
- Rebates based on share or volume need clear definition and sales figures based on specific data sources
- It is necessary for pharmaceutical companies to balance direct contracting strategies with healthcare clients versus GPOs; healthcare entities engage various arrangements depending on their procurement preferences

Planning Access

- A prescriber or health system supply chain may feature distributors, wholesalers, specialty pharmacies or other sources, contracting strategy needs to account for these
- Maintaining/expanding access requires a budget to open new initiatives and provide ongoing marketing/sales resources to propel them as competitive actions emerge
- Access requires selectivity, fortifying/expanding access should be based on customer need, reimbursement potential, available resources and long term ROI
- Product must be correctly positioned with primary prescribers and align with clinical/formulary protocols

Pull-Through Reinforces Access

- Establishing a leading contractual arrangement and/or preferred status is just the beginning...
 - Caregivers and patients need to know they have access to product, be familiar with its attributes and understand which sources they obtain it through
 - Sales uptake and ongoing momentum is driven by a well-supported sales force and strong marketing initiatives to fortify and expand share/revenue

Pull-Through Reinforces Access

- New competitors will launch pull-through initiatives to penetrate market, established competitors will widen share and prevent newcomers from getting traction
- Payers and providers need to be engaged and cognizant of the product and its manufacturer's value



Connectivity Reinforces Access

- Access is driven by connectivity and throughput of information:
 - Healthcare plans and PBMs make data-driven decisions based on care/cost outcomes, claims reporting and member utilization
 - Pharma companies rely on blended data to contract, maintain compliance, determine share, assess marketing/sales ROI, clinically position product
 - CMS/Federal and state sponsored plans are data dependent to manage programs (Medicare, Medicaid, 340B, etc.), reimburse providers and pharmaceutical companies, as well as maintain patient eligibility files

Connectivity Coordinates Access

- ACOs are inherently dependent on electronic information flow to manage their protocols and assess performance
- As health system and health plan sectors consolidate and business models evolve, it is very important to be able to effectively interconnect with them as necessary

Pull-Through Reinforces Access


- Digital marketing is a pivotal pull-through resource
 - Web-based information for ordering, clinician/payer reference and patient support is essential
 - Commercial websites, e-mail marketing, content marketing, inbound marketing, brand websites, social media presence, mobile, other digital venues need to be accounted for throughout market access strategy
 - When information is not available via a few keystrokes; access is inhibited; a competitor with better digital marketing has an advantage

Pull-Through Reinforces Access

- Key stakeholders in each channel have preferred digital channels for information
- While a brand and / or e-commerce site may serve as an anchor, it will be necessary to reach out via the chosen venues patients engage
- Maximize digital pull-through budgets strategically, focus funds on the sector's key channel venues, monitor performance to make adjustments
- Propagate content sharing as it stretches the reach of your messaging and provides more digital pull-through budget ROI

Examples of Market Channels

- Dialysis
- Long Term Care
- Home Infusion
- Hospitals/Health Systems/IDNs
- Infusion Clinics
- Military Treatment Facilities/MTFs
- Oncology
- PBMs/Mail Order Pharmacy
- Physician Medical Group Practices
- Retail Pharmacies
- Specialty Pharmacies
- Surgical Centers/Outpatient Surgery
- Trade (distributors, wholesalers)
- Veterans Administration/VA Hospitals & Clinics



**Each channel
requires its
own market
access plan...**

Leading Retail / PBM entities

Retail Pharmacy

- Costco
- CVS Health
- Rite Aid*
- Target**
- Walgreens
- Wal-Mart

*Being acquired by
Walgreens

**Target pharmacies now
operated by CVS

Pharmacy Benefit Managers (PBMs)

- Anthem
- Argus Health Systems
- BioScrip
- Costco Health Solutions
- CVS Health
- Express Scripts
- OptumRx (UHC)
- Prime Therapeutics

A Note About PBMs

- PBMs contract with brand and generic manufacturers for better pricing, oversee retail pharmacy network providers and actively manage utilization of prescription medication by plan members
- PBMs manage their own formularies and those of health plans or self-insured employers, assertively negotiate for rebates based on volume/preferred status with pharmaceutical companies
- Some PBMs like CVS Health, Express Scripts and Prime Therapeutics operate mail order pharmacies, others like ARGUS do not

A Note About Mail Order Pharmacies

- CVS Health, Walgreens and Wal-Mart operate mail order pharmacies in addition to their retail pharmacy operations
- Health plans with their own mail-order operations include BCBS (Prime Therapeutics is a PBM partnership owned by 13 BCBS plans) and United HealthCare (OptumRx)



Leading Payer Plans

Commercial Plans

- Aetna
- Anthem (14 BCBS plans)*
- BlueCross BlueShield plans*
- Kaiser
- United Healthcare

Government Payers

- Medicaid (state-based, federally subsidized)
- Medicare
- DHA/TRICARE (active/retired military)
- 340B Plans

There are over 30 BlueCross BlueShield plans affiliated with the BlueCross BlueShield Association

Aetna is in the process of acquiring Humana, Anthem is in the process of acquiring Cigna

A Note About 340Bs

- 340B is a Federal drug discount program established in 1992, it requires drug manufacturers to provide outpatient drugs to eligible health centers, clinics and hospitals at a discounted/negotiated rate (average 50% below retail)
- 340B market segment has been growing due to issues with the economy, large numbers of uninsured persons but margin is lower as 340B is price driven
- 340B is also known as "PHS pricing" or "602 pricing", patients discounts are created by contractual arrangements between care provider and a pharmacy

A Note About 340Bs

- Entities eligible to participate in 340B include:
 - Black Lung Clinics
 - Disproportionate Share Hospitals (DSHs)
 - Family Planning Clinics
 - Federally Qualified Health Centers (FQHCs)
 - Federally Qualified Health Center look-alikes (FQHCLAs)
 - Hemophilia treatment centers
 - HIV / Ryan White Clinics
 - Sexually transmitted disease and tuberculosis clinics
 - State-operated AIDS Drug Assistance Programs
 - Urban Indian organizations

A Note About GPOs

GPOs

- Gerimed
- Epic
- HealthTrust Purchasing Group (HPG)
- Innovatix
- Intalere
- ION
- MHA
- PDM
- Premier
- Vizient

Healthcare Systems

- Dept. of Veteran Affairs/VA
- HCA Inc.
- Community Health Systems
- Trinity Health
- Partners Healthcare
- NYC Health & Hospitals Corp.
- Kaiser Permanente
- Universal Health Services Inc.
- Catholic Healthcare West
- Adventist Health System
- Tenet Healthcare Corp.

GPOs are often a part of Healthcare System access formula...

A Note About GPOs

- HPG, MedAssets, Novation and Premier are larger independent GPOs
- Wholesaler operated GPOs include INN, ION (AmerisourceBergen), VitalSource (Cardinal Health), Onmark, U.S. Oncology (McKesson)
- An array of sectors use GPOs including healthcare systems, hospitals, oncology clinics, home infusion, surgical centers, dialysis clinics, physician groups, long term care companies

A Note About GPOs

- Group Purchasing Organizations (GPOs) contract with manufacturers of brand or generic pharmaceutical products, medical devices, equipment and other items used in healthcare settings
- Healthcare entities pay a membership fee to “join” a GPO to get access to discounted pricing GPOs negotiate with manufacturers, GPOs also collect 1-3% margin from drug products and provide other services to gain
- Some GPOs are business units of distributors/wholesalers but do not take possession of products, they are purely contracting entities

Nursing and Assisted Living Facilities

Nursing Facilities

- HCR ManorCare
- Golden Living
- Life Care Centers
- Kindred Healthcare
- Genesis Healthcare Corp.
- Sun Healthcare Corp.
- SavaSeniorCare
- Extendicare Health Services
- ELGS

Assisted Living

- Emeritus Corp.
- Brookdale Senior Living
- Sunrise Senior Living
- Altria Senior Living
- Five Star Quality Care
- Assisted Living Concepts
- Merrill Gardens
- HCR ManorCare
- One Eighty-Leisure Care
- Life Care Services

Once highly fragmented, consolidation among nursing and assisted living facility operators continues which will greatly concentrate

Long Term Care Pharmacy and Home Infusion

LTC Pharmacies

- Guardian Pharmacy
- Millenium Pharmacy
- Omnicare
- Partners Pharmacy
- PharMerica
- Senior Care Pharmacy

Home Infusion Providers

- Apria
- BioScrip
- CarePoint Partners
- Healix
- Home Solutions
- Lincare
- OptionCare/Walgreens
- Optum
- Vital Care

...The home infusion provider market continues to evolve through consolidation of existing providers and hospitals expanding their services into home infusion offerings

Dialysis Clinics

Dialysis Providers

- Renal Associates
- Centers for Dialysis Care
- DaVita
- Dialysis Clinic Inc.
- Fresenius
- Renal Ventures
- Satellite Healthcare

DaVita and Fresenius control two-thirds of U.S. dialysis market; consolidation driven by cost controls to generate income under Medicare care standards, reimbursement limits...

Surgical Centers

Surgical Centers

- Advantage Surgery Partners
- Ambulatory Surgical Group
- Amsurg
- ASD
- Meridian Surgical Partners
- National Surgical Healthcare
- Surgical Care Affiliates
- United Surgical Partners

Optum / UHC is acquiring Surgical Care Affiliates for \$2.3B...

Access Summary

- Each market channel requires its own access strategy
- Account for primary payers in each channel to position, price, promote product successfully
- Contracting may involve direct-to-customer, distributor, GPO, PBM, wholesaler, payer and other arrangements to succeed in channel
- Competitors are selectively stronger/weaker in different channels; strongest positions are often in segments with the greatest potential

Access Summary

- Contracts open the conduit to market access; contract management, pull-through, connectivity maintain/expand product and profit performance
- Be selective, fortification/expansion of access requires the customer base to demonstrate true need, acceptable reimbursement levels, suitable resources to sustain initiatives and confirmation of long term ROI

Connect with me, I am seeking a new opportunity; my experience covers...

- Healthcare Brand Marketing Strategy
 - pharmaceuticals, medical devices, healthcare services
- Managed Care / Market Access
- Healthcare Digital Marketing

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