

Optimizing Contract Operations through Technology:

Harnessing Insights through Analytics to Drive Strategy and Compliance

June 9, 2016

Agenda



Polling

How are you currently using data analytics related to Managed Markets?

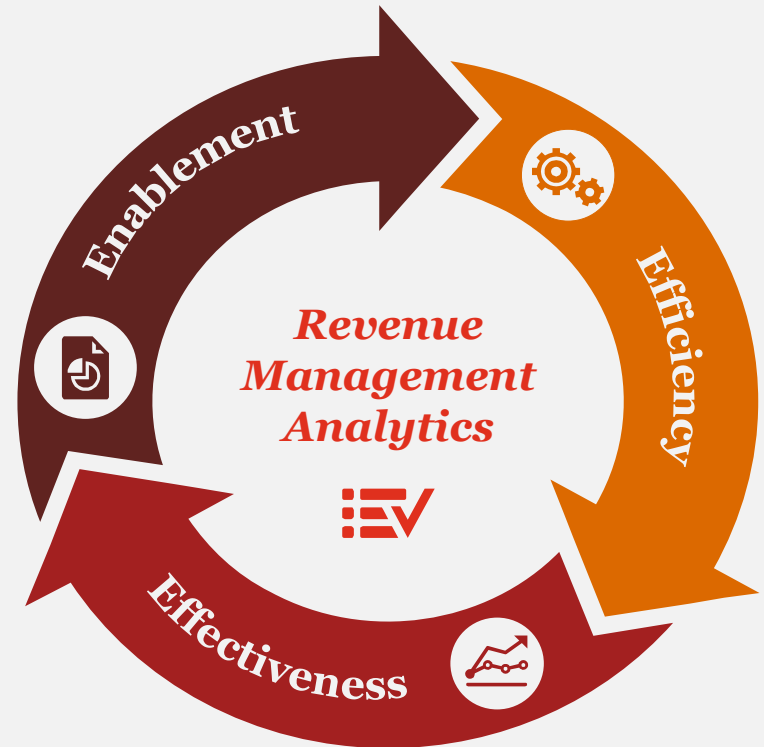
Pricing and contracting continuum

Invisible ties within the pricing and contracting continuum impact down- and up- stream activities



Role of analytics

Analytics provides critical intelligence and insight by opening the ties to drive outcomes-based decision-making



Although analytics drive outcomes-based decision making, teams are siloed, which negatively impacts how decisions are made regarding commercial activities

Data stored in multiple systems/tools

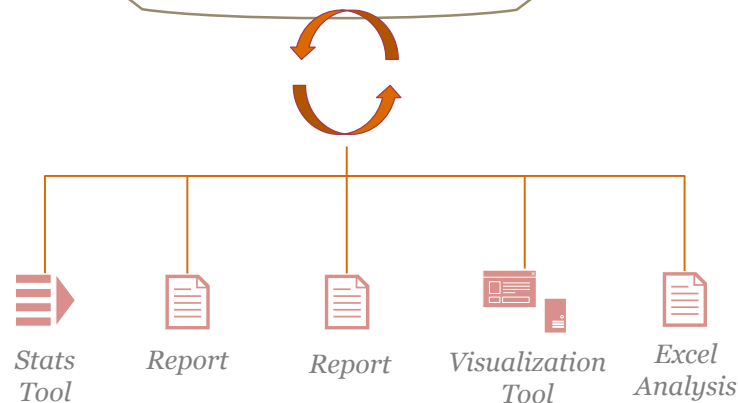


Disparate data sources owned by multiple teams



Teams consume and process data differently

Thus, creating multiple sources of truth and limited data for decision-making



The need for improved access to meaningful data and analytic capabilities is becoming more critical for organizations to drive strategic decision making

39% relied on data and analytics input



23% relied on their own experiences



36% relied on the experiences of others



Increased reliance on data and analytics are driving change

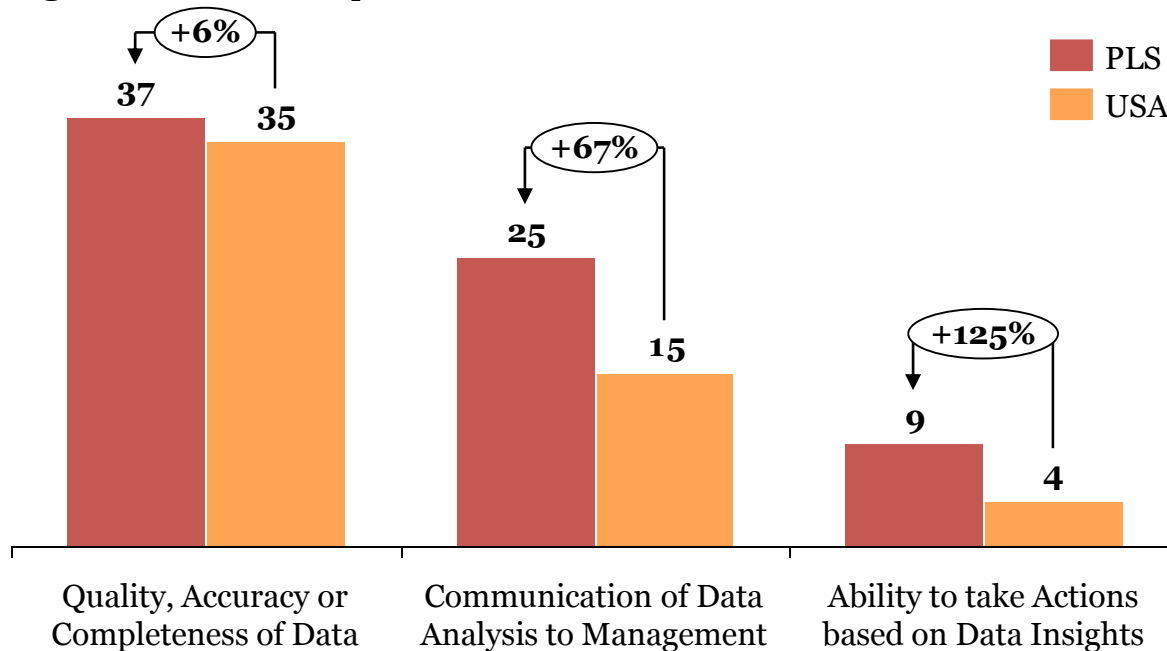
Process-driven

Organization-driven

Technology-driven

Improving the quality of data, skills and capabilities will result in greater use of data and analytics in making big decisions

Main barriers preventing greater use of data and analytics in making big decisions, % of respondents



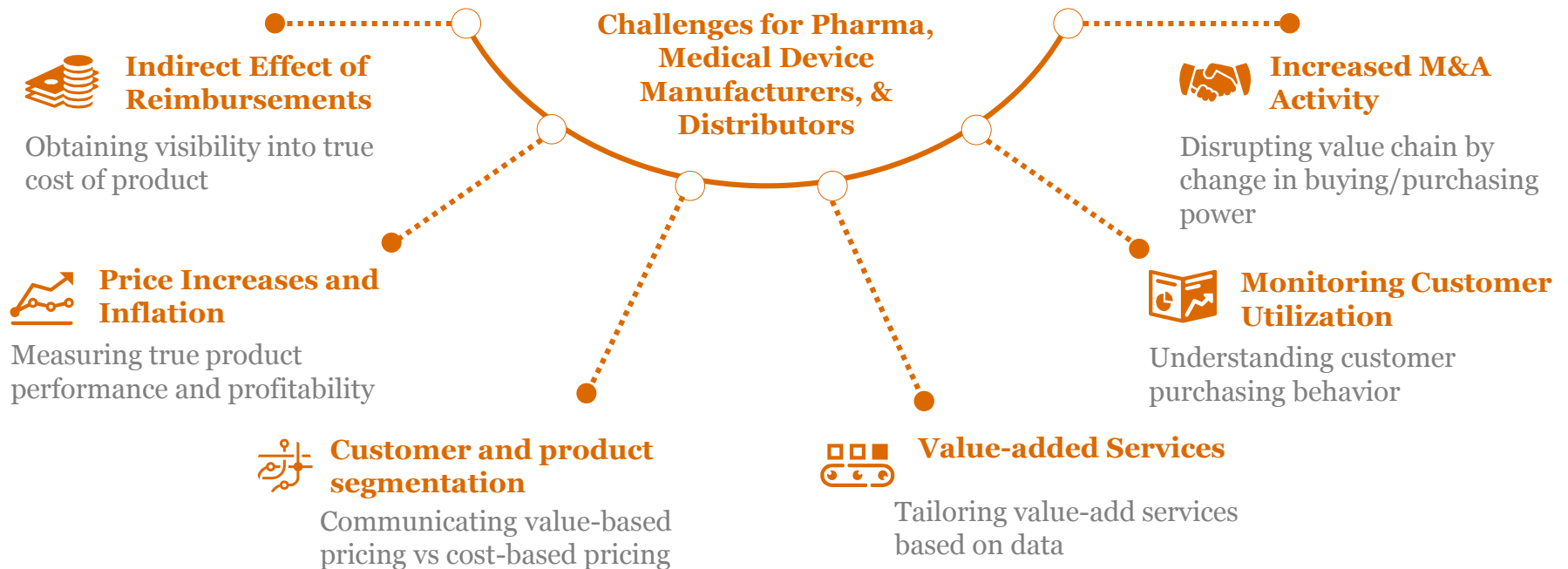
What is causing the barrier?

Gap between capability in data capture and data integration & analytics

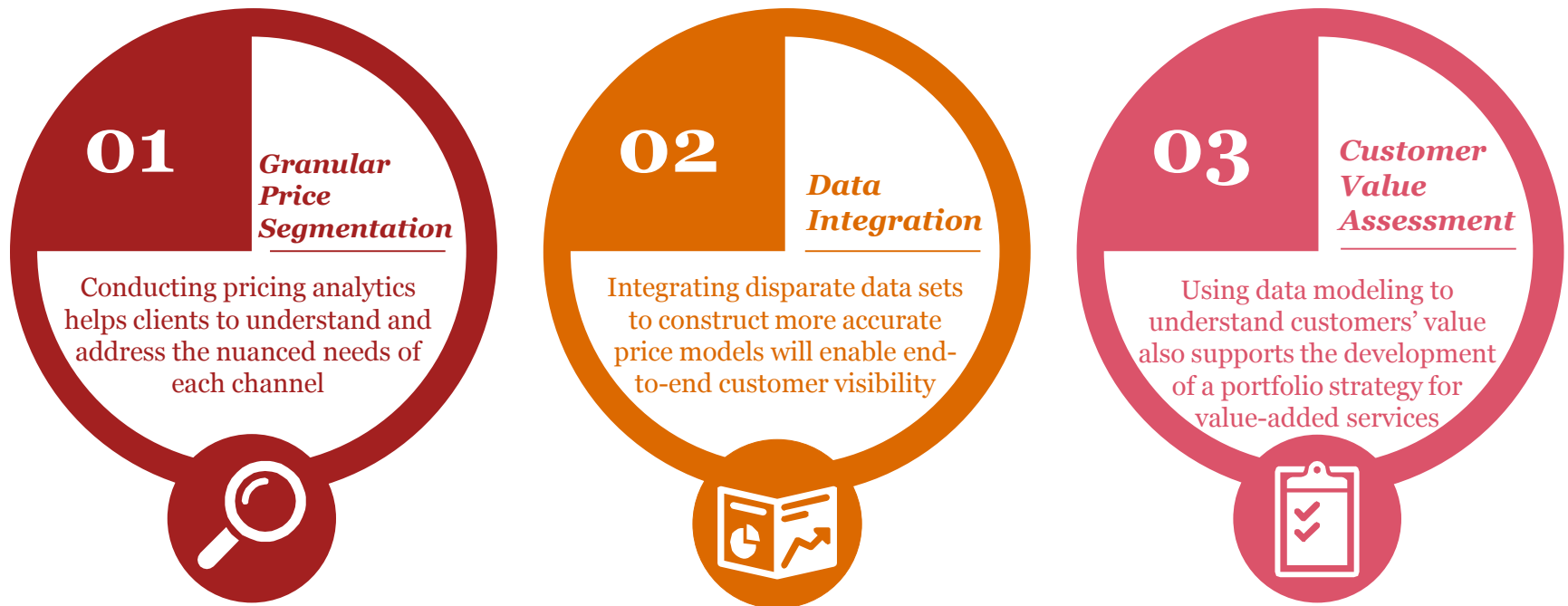
Lack of sufficient analytics solutions to transform data into meaningful insights and effective business strategies

*Pharmaceutical and life sciences companies **tend to experience more barriers** in using data and analytics to make big decisions*

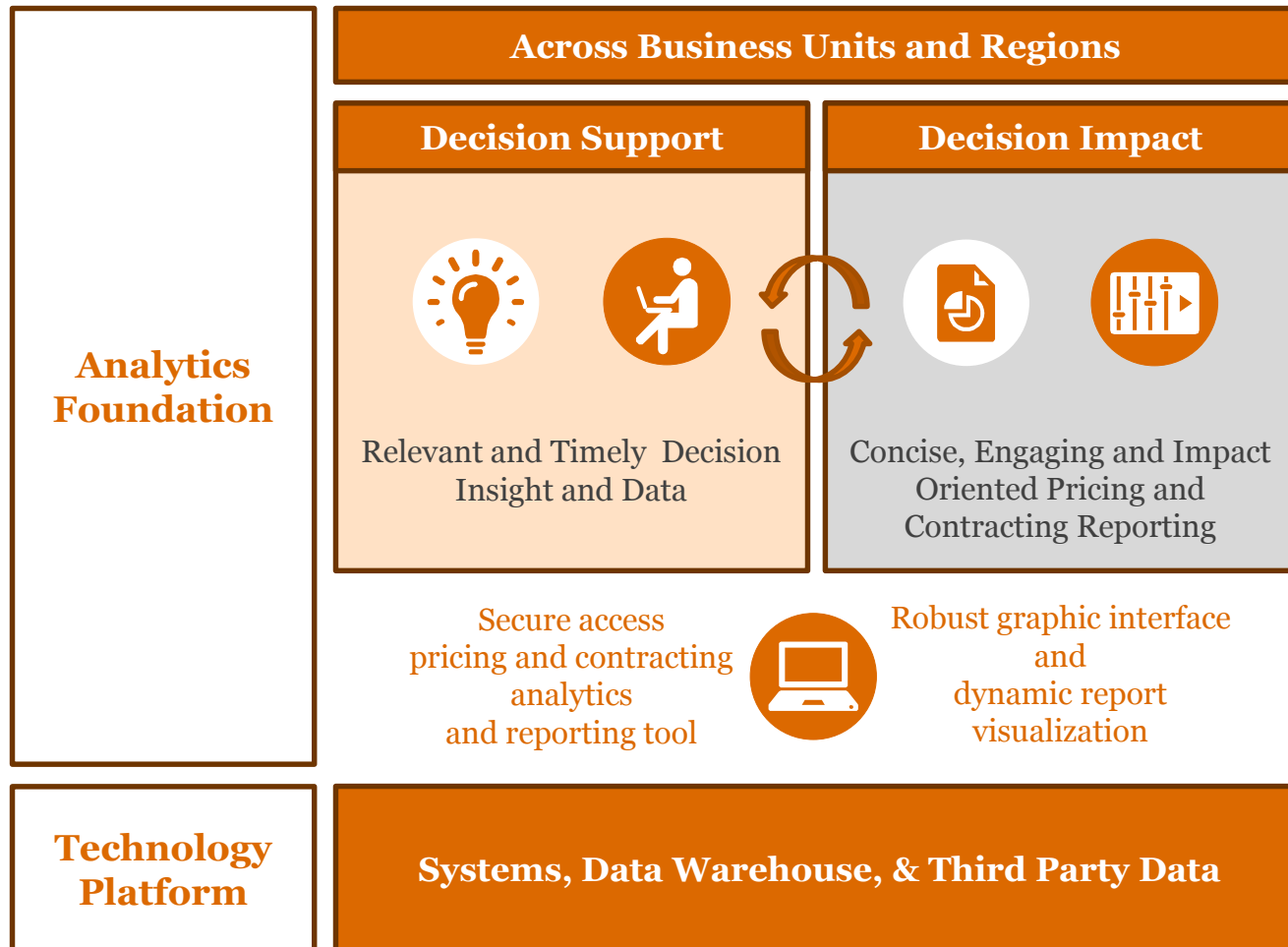
Building a sophisticated analytics capability can make a difference in addressing industry challenges...



...allowing for pharmaceutical, medical device and distribution executives to plan ahead and capitalize on analytics opportunities



To overcome the barriers and enable decision-making, an analytics foundation that provides value across the pricing and contracting continuum needs to be established

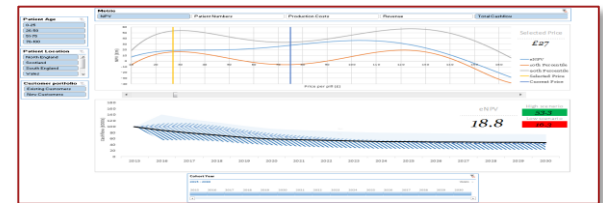


Addressing specialty data integration and analytics needs to support a new specialty product launch

Business Challenge

Client: *Pharmaceutical Manufacturer*

- **Launch of a new specialty product** with a partner in a therapeutic area where they had minimal experience
- **Disparate data sources** from internal parties and external vendors



Approach



Design data management platform



Integrate disparate data sources



Managed technical build through outsourced team

Client Impact



Track and report product sales



Sales and market analysis



Analytics can also be utilized to identify customers and products that had discrepancies in their pricing and reduce revenue leakage

Business Challenge

Client: Pharmaceutical Wholesaler

- Development of a strategy to **regain market share and revenue** from a targeted set of customers Sales team
- **Inefficient processes and tools** preventing targeted and informed conversations with customers

Approach



Customer-targeted dashboards



Train client resources



Develop pricing guardrails

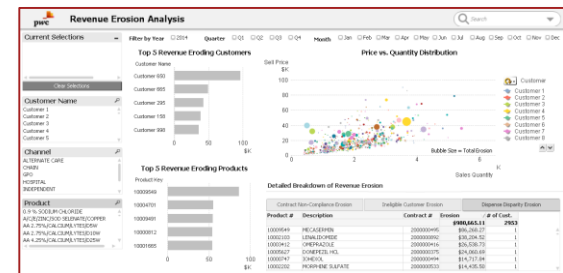
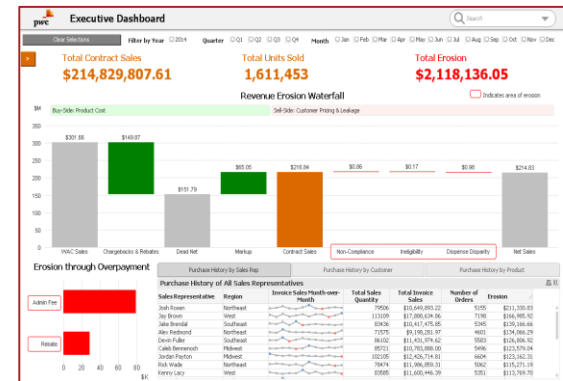
Client Impact



31% increase in call volume



12% increase in revenue



Utilizing analytics to identify root causes of revenue leakage resulting from disparities in transactional data with contract data

Business Challenge

Client: Medical Device Manufacturer

- Challenge identifying root causes of **revenue leakage, price erosion** and quantifying the financial impact
- Required the ability to **identify key accounts, products and divisions** contributing to leakage

Approach



Analyze contract, membership, pricing data, and 3rd party data



Qualitative and quantitative analysis

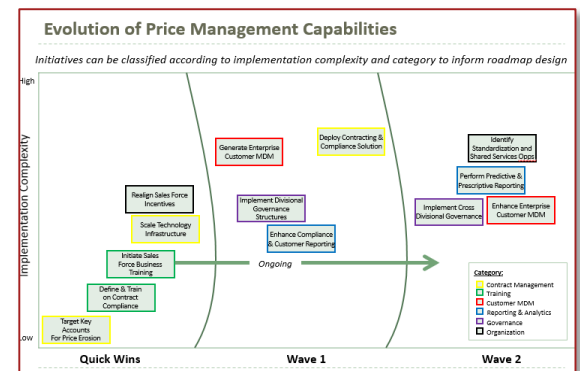
Client Impact



Identified root causes of revenue erosion



Corrective measures for over 80% of issues and identified new revenue generating opportunities



The analytics journey begins with defining the strategy and executing through an agile and data-driven approach



Define Analytics Strategy

- Define vision
- Align on key metrics and timing
- Develop business case
- Define roadmap



Determine Actions

- Collect data from data sources
- Design rapid prototype
- Pilot dashboard and analytic models
- Deploy and implement

Assess Analytics Capability

- Identify data and data sources
- Analyze current capabilities and gaps
- Determine analytic needs



Unlock Outcomes

- Unlock Value
- Build Talent
- Improve Metrics



Evolving Compliance Landscape



Payer expectations are evolving as focus shifts to outcomes and value

- Is it more cost effective than current treatment/diagnostic methods both in the short and long term?
- Can the contract structure be operationalized based on payer and provider data infrastructure?
- What treatment will it replace?
- What is the risk of it being used off-label?
- The value of key opinion leaders has been declining - its all about the evidence

Outcomes contracts in the news.....

❑ Amgen / Harvard Pilgrim

- Pay for Performance contract for Repatha
- Discount and at risk if LDL cholesterol levels for health plans members aren't lowered or used more than the predetermined amount

❑ Merck / Cigna

- Agreement for Januvia which ties drug discounts and formulary placement to how well individuals with Type 2 diabetes are able to control blood sugar using drugs

❑ P&G and Sanofi Aventis / Health Alliance

- Agreement for Actonel to reimburse Health Alliance for medical costs to treat covered non-spinal, osteoporosis-related fractures in post-menopausal members taking drug prior to fracture

Compliance Considerations: How do you measure contract compliance? Account for rebates in Government Pricing? Data privacy issues? HEOR and FDAMA 114?

Linking Reimbursement to Traditional Healthcare Compliance Considerations

Sales

- ☐ Targeting of Account Based Customers?
- ☐ Incentive Compensation?
- ☐ Delivery of on label messaging?

Marketing

- ☐ Inclusion of HEOR data in marketing materials?
- ☐ Payer and Patient Advisory Boards and Speaker Programs (e.g., Honoria, FMV, venues, etc.)

Managed Markets

- ☐ Delivery of value based tools?
- ☐ Creation of disease management focused programs?

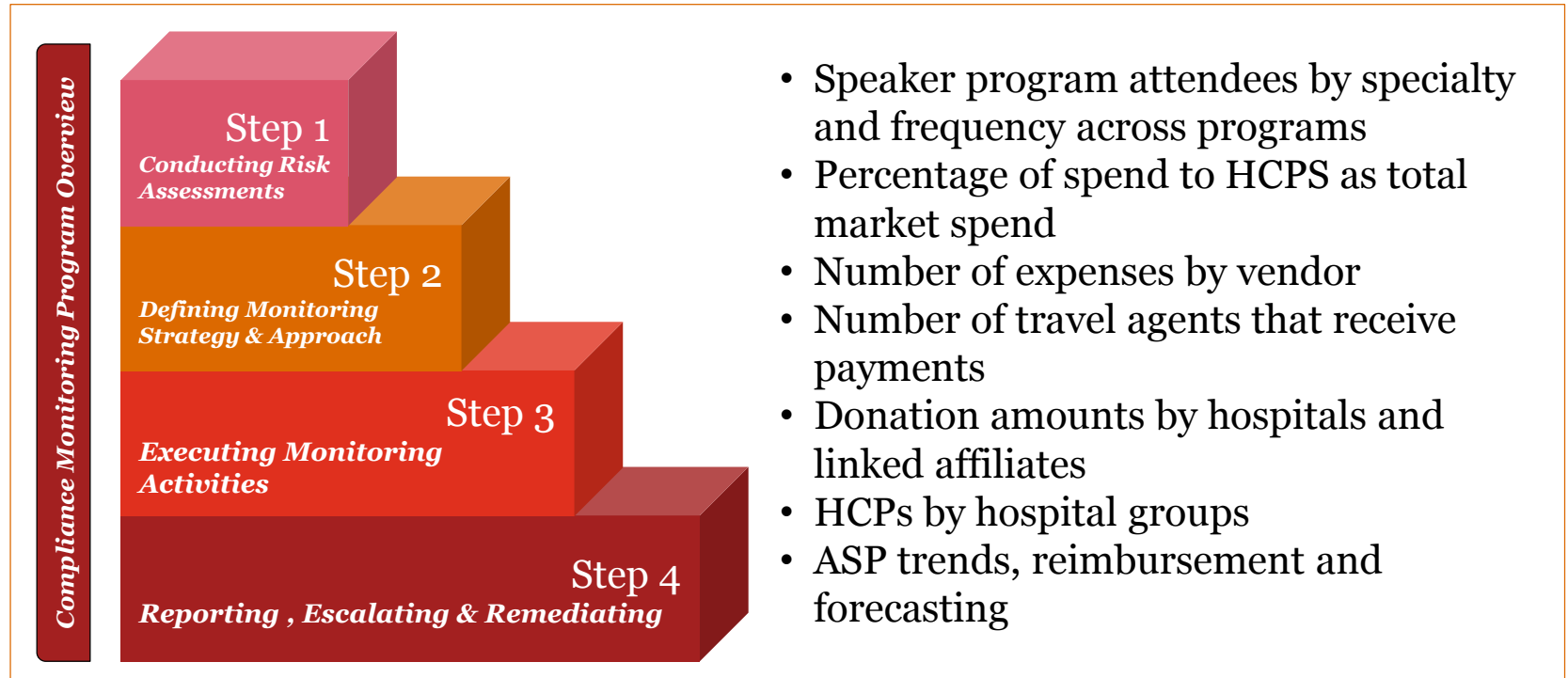
Medical Affairs

- ☐ Development and delivery of Outcomes Research?
- ☐ MSL support of the Sales Function?
- ☐ Breakdown of the Medical/Sales firewall?

Research & Development

- ☐ Early stage focus on delivery of value?
- ☐ Partnerships with payers/providers?
- ☐ Collection of patient data

Compliance programs should look to leverage business developed analytics to direct managed markets risk assessment and monitoring efforts



Monitoring Program Elements – Reporting, Escalating and Remediating



Better Practices:

- Establishing a **Monitoring Governance Committee** comprised of representatives from Contracting & Pricing, Compliance, and Legal, to periodically review monitoring results and determine remediation and/or disciplinary actions:
 - Escalate for investigation
 - Training or Coaching
 - Verbal or Written Warnings
 - Termination
- Providing periodic reports of monitoring findings and monitoring program updates to the **CCO and Compliance Committee**
- Communicating emerging trends and risks to business stakeholders to trigger **business process improvement initiatives**

Let's continue the conversation



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To continue the discussion on the importance of developing analytic strategies, please explore the following pieces of thought leadership:



PwC's Global Data & Analytics Survey 2014

<http://pwc.to/1V1gmqC>



Driving revenue for pharma & Med Tech via analytics

<http://pwc.to/1S7QsRw>

Thank you!

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