Compliance Data Metrics and Analytics

National Disclosure Summit

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pwc

Introduction to Data Metrics & Analytics

- "Metrics" are basic performance measures while KPIs are those metrics that can provide real-time transparency into business performance and compliance with business rules

- Information from KPIs can be used by the owner of your program to focus proactive monitoring efforts and to adjust or trigger training programs

- Many of the KPIs can be measured in an automated fashion, but technology isn't the starting point

- Frequency of review by the department owning the program will vary based on the individual KPI and the rate of occurrence of the underlying activities

PwC Aggregate Spend Benchmarking
November 2013

What do you wish your aggregate spend program/solution had that it currently does not?
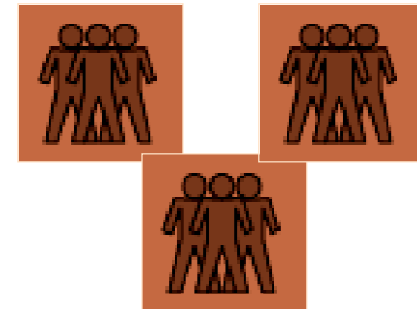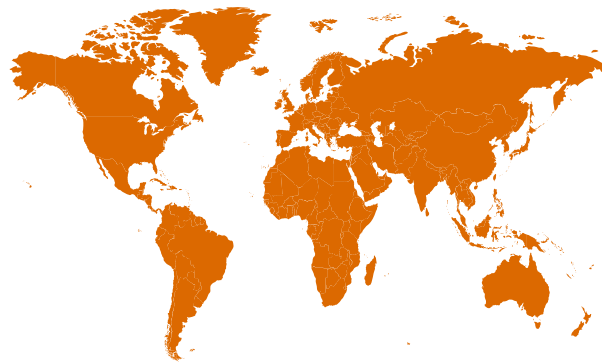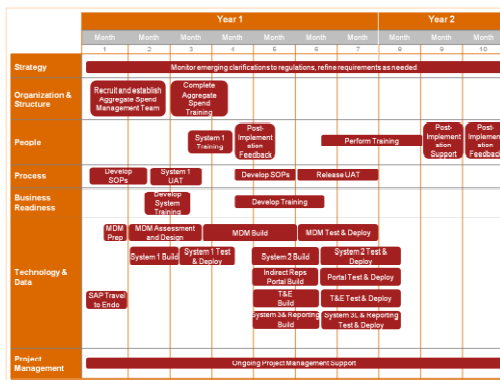
Enhanced data, change management & reporting

"Better integrated systems to reduce dual entry"

"More capabilities in manipulating the data"

"Mobility"

"Accurate data"

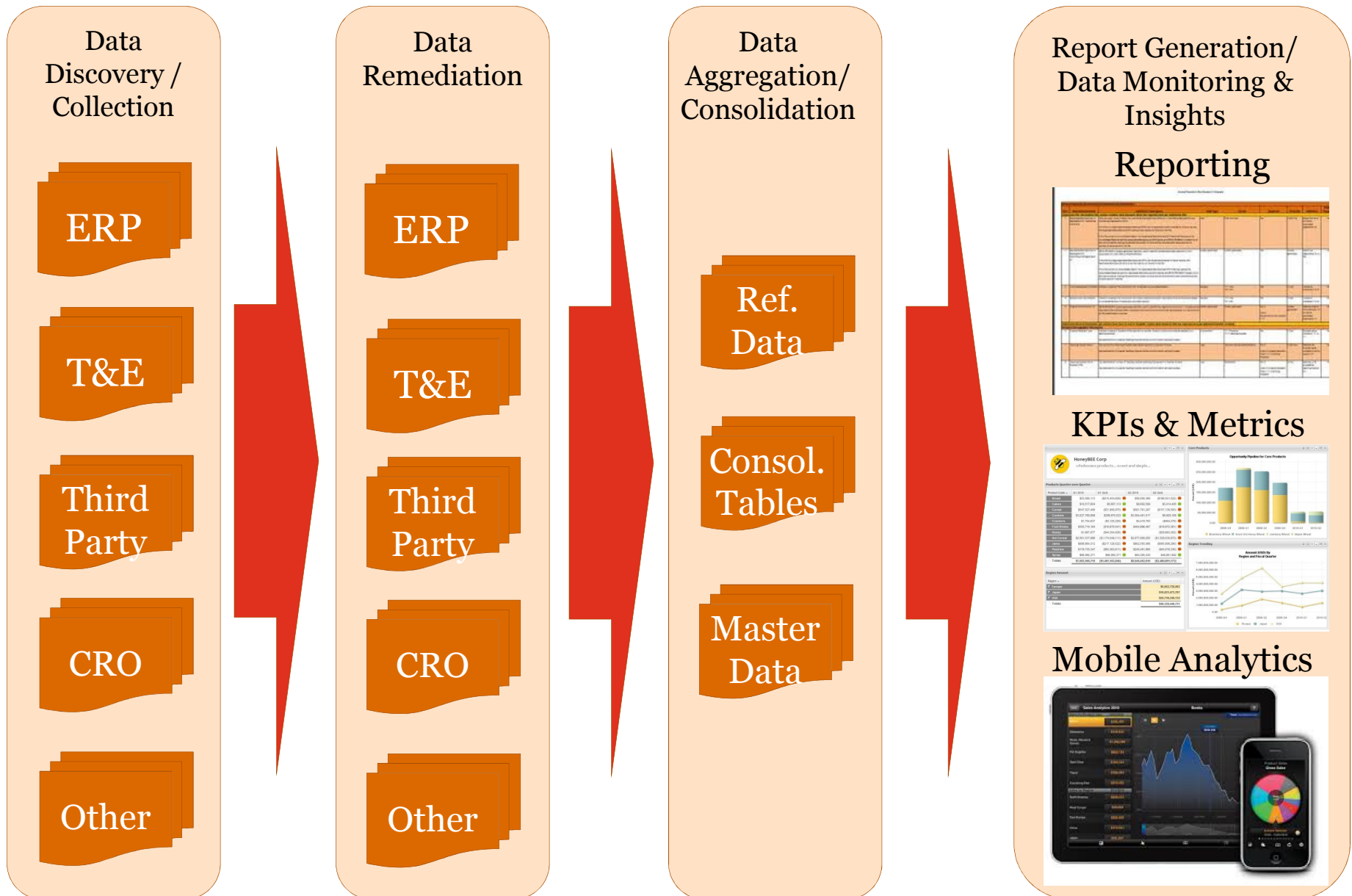"Ability to utilize the system for other monitoring besides State and Federal Reporting"

Global alignment & capabilities

"Better global alignment"

"A system that is truly capable of global operations – taking into account international privacy, legal differences, address formats, etc."

"Strong O-US reporting capabilities"

"A more seamless capability to handle global users"
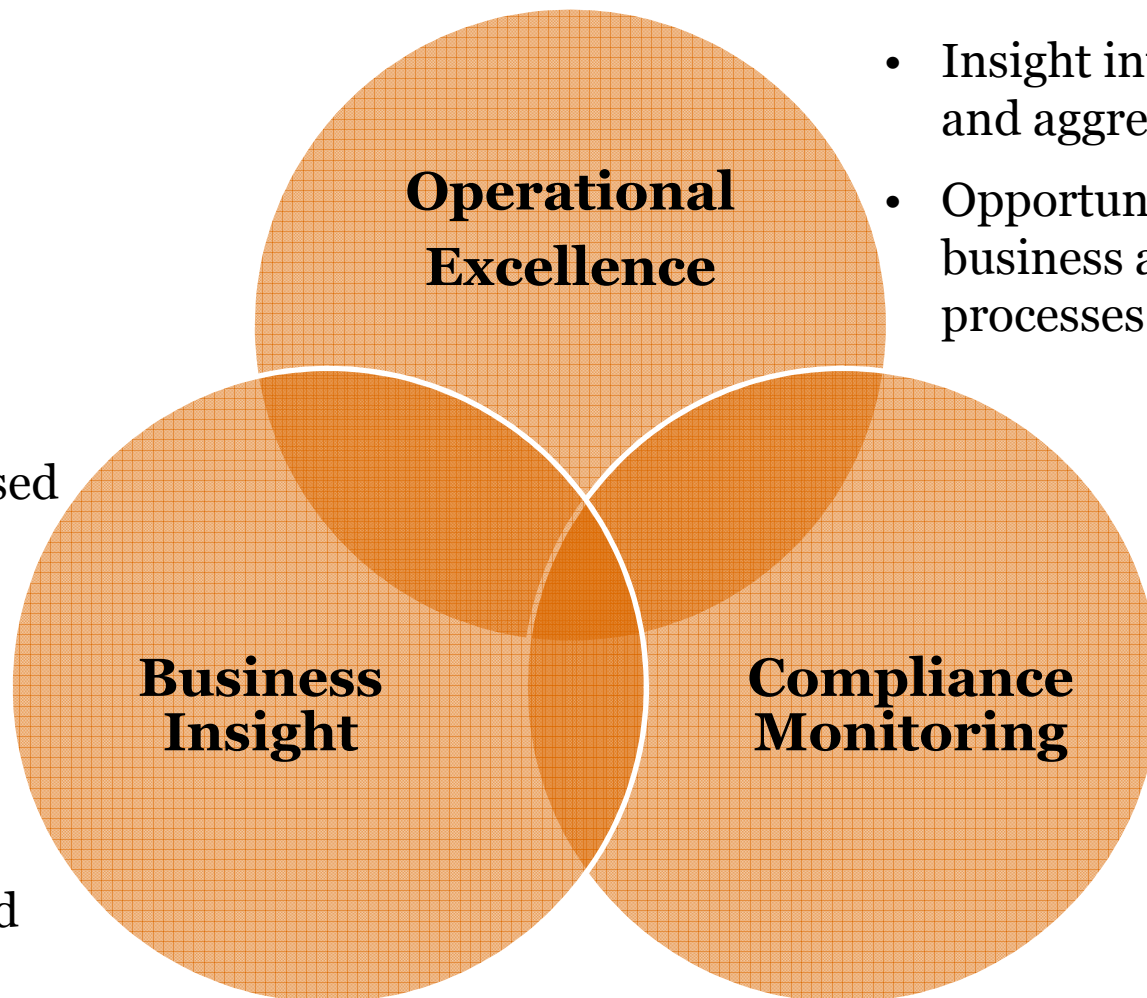
Resources

"More resources…to focus on driving business accountability out to the business"

"More people and more centralized functions"

"An administrative headcount to help with data scrubbing"

"Fully dedicated team"

Overall Process / Data flow

Data Discovery / Collection
- ERP
- T&E
- Third Party
- CRO
- Other

Data Remediation
- ERP
- T&E
- Third Party
- CRO
- Other

Data Aggregation/ Consolidation
- Ref. Data
- Consol. Tables
- Master Data

Report Generation/ Data Monitoring & Insights

Reporting

KPIs & Metrics

Mobile Analytics

Categorizing Metrics / Key Performance Indicators

Each company should establish KPIs to provide Compliance or the owner of aggregate spend visibility into the following areas:

- Trending analytics and forecasting based on historical spend by categories

- Competitive insight (HCP compensation and KOL spend effectiveness)

Operational Excellence

Business Insight

Compliance Monitoring

- Insight into existing business and aggregate spend processes

- Opportunity to improve business and aggregate spend processes

Monitoring remediated data to check for compliance or corporate policy violations

Operational Excellence Metrics

Examples:

- Total spend by payee (by expense type)

- Number and % of transactions that fall in dollar intervals (0-100, 100-200, etc.)

- Total dollars spent per source system / third party vendor

- Number of HCPs that exceed an annual speaker program cap

- Average travel costs per HCP

- Range of fees for service provided by specialty

- Number of occurrences when HCP is paid above the average fee range for a tier (or above FMV) for fee for service activity

Compliance Monitoring Metrics

- % and number of speaker programs where number of attendees is under a certain predefined threshold
- Number and % of submitted expenses for HCPs over a predefined threshold
- Number and % of submitted meals for HCPs over corporate policy meal limit
- Number of MA licensed covered recipients that received an out-of-office meal
- Number of VT licensed covered recipients that received a meal
- Number of HCPs exceeding CA annual spend limit
- Number of HCPs exceeding annual MN gift ban ($50)
- Number of HCPs exceeding annual spend limit for other states / geographies
- % of HCP expense compliance violations vs. submitted HCP related expenses
- Number of physician disputes of external disclosure reports (by reason)
- % of physician dispute amount to aggregate spend amount reported
- Number and % of HCPs in specialties not in your company's therapeutic class markets
- Non-HCP to HCP ratio for speaker programs

Business Insights Metrics

- Payments made to HCPs not in expected therapeutic areas

- Total HCP and HCO population

- % events where a third party vendor was used

- Number of third party vendors by activity type

- Average number of advisors per advisory board

- % and number of events where number of participants are above number approved (by a predefined threshold)

- % HCPs having increase from prior year in average fees per fee for service activity

- % and number of speaker programs where % of attendees that are licensed HCPs is below a certain predefined threshold

- Number of occurrences where speakers are engaged in multiple events per day

- % of investigators where promotional payments vs. investigator payments is above a certain threshold (ratio and dollar)

- Average and median grant amount

- Number of clinical trials where a CRO was used

Objectives of Metrics / KPIs

Spend Distribution for Top 3 Hospitals

Spend Distribution
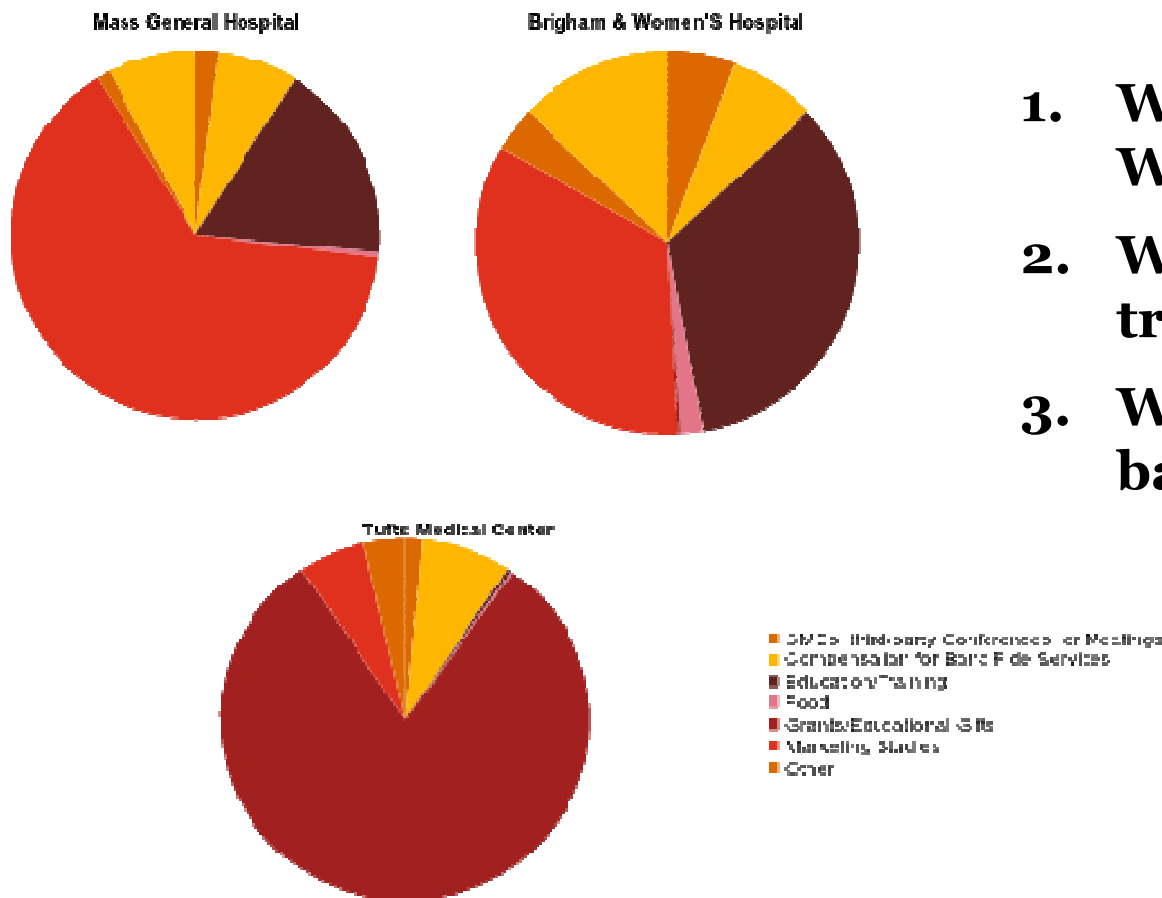
Hospitals

1. **What is the data showing? What is the insight?**

2. **What question(s) are we trying to answer?**

3. **What's the action item based on the insight?**

Metrics Examples

KPI	Rationale
Average number of advisors per advisory board	Provides insight into how the average number of advisors used compares to a defined benchmark, including whether maximum benchmarks have become the default number. This also allows for trending analyses and comparison of advisory boards between business units, illustrating whether certain areas necessitate more / less advisors than others to achieve strategic objectives.
Average number of attendees per speaker program	Provides insight into whether the number of attendees is sufficient to justify the business purpose / cost of the program expenses (including honoraria). For example, are you mainly paying speakers to speak to only two or three physicians?
Average and median time for overall event / transaction (e.g. setting up a speaker program event to payment)	Provides insight into how long it takes, from beginning to end, to conduct each of the events. This would include appropriate setup time, reviews, approvals, etc. and will serve as a benchmark to understand the average timing required to complete a grant, speaker program, advisory board, etc.

Conclusion

- Many companies are challenged with resources, technology or time to consume data relevant to spend transparency

- With March 31 coming soon, companies should look to contemplate which metrics / KPIs to measure and to understand the best mechanism to visualize

- Metrics and KPIs can only be valuable with complete and accurate data

- In less than one year, there will be a tremendous amount of spend transparency data available from all life sciences companies

Questions for you to take back:

- What are other metrics that your company would like to measure?

- Who, aside from Compliance, is going to consume this data?

  - Commercial? Clinical? Medical Affairs?

- What technology are you using or thinking about using to monitor / measure?

- Will your company be analyzing industry data once all the data becomes public in the fall of 2014?

Thank you!

If you would like more information or a consultation, please reach out to:

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