

# *PharmaCo*

*“Our Common Drive to Improve  
Patient Outcomes”*

**December 2, 2016**

**Michael Motto**



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# Agenda for Today

**Population Health...The Future of Health Management**

**Our Treatment Value in Delivery of Health System  
Priorities**

**How We Help Support Population Health**

**Becoming “Partner Of Choice”**

# Population Health...The Future of Health Management



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# Why are Payers/Providers Focused on Population Health?

- **There is a strong and much needed shift toward consumerism**
- **By 2020, 75 million individuals are expected to buy health insurance directly**
- **Approximately 85% of the costs are with provider systems**
- **The lines are blurring between payers and provider systems...Kaiser, Geisinger, Optum Health ACO strategy, etc.**
- **Population health management is proven to improve performance, including clinical outcomes, costs, quality of care and value**

CBO, Accenture and Aetna extrapolations shared at the 2013 Investor Conference, December 12, 2013  
Centers for Medicare & Medicaid Services, Office of Actuary, National Health Statistics Group



# Health Information Technology (HIT) is a Key Factor

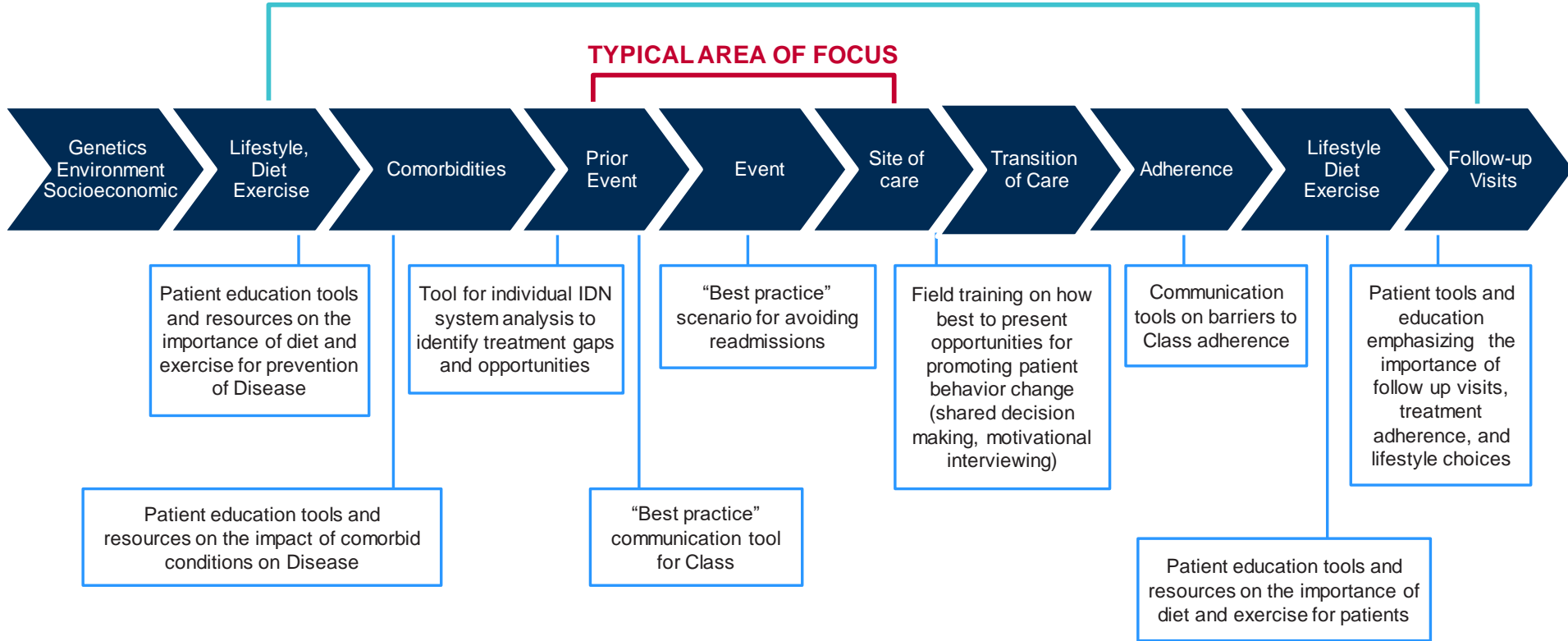
- **Increased use and adoption of HIT to collect, product and aggregate HIPAA compliant manner**
- **Pharma companies are investing greatly in HEOR and data informatics to demonstrate value and effectively engage with payer and IDN partners**
- **Aggregated patient data is increasingly being used to target and drive favorable outcomes**
- **Programs and treatment pathways drive behaviors proven to improve clinical outcomes**

# What is Pharma's Role in Population Health?

- **This is not the typical payer pull-through program**
- **This is the application of health resources targeted to specific providers and patients based on needs established through population-level retrospective analysis**
- **Measurement of improvement with outcomes and overall costs vs. those found in retrospective analysis**
- **Typical partnerships include...**
  - Adherence
  - Early detection
  - Readmission
  - Vaccination rates
  - Disease control
  - Rare disease management
  - Predictive modeling
  - Value-based contracts

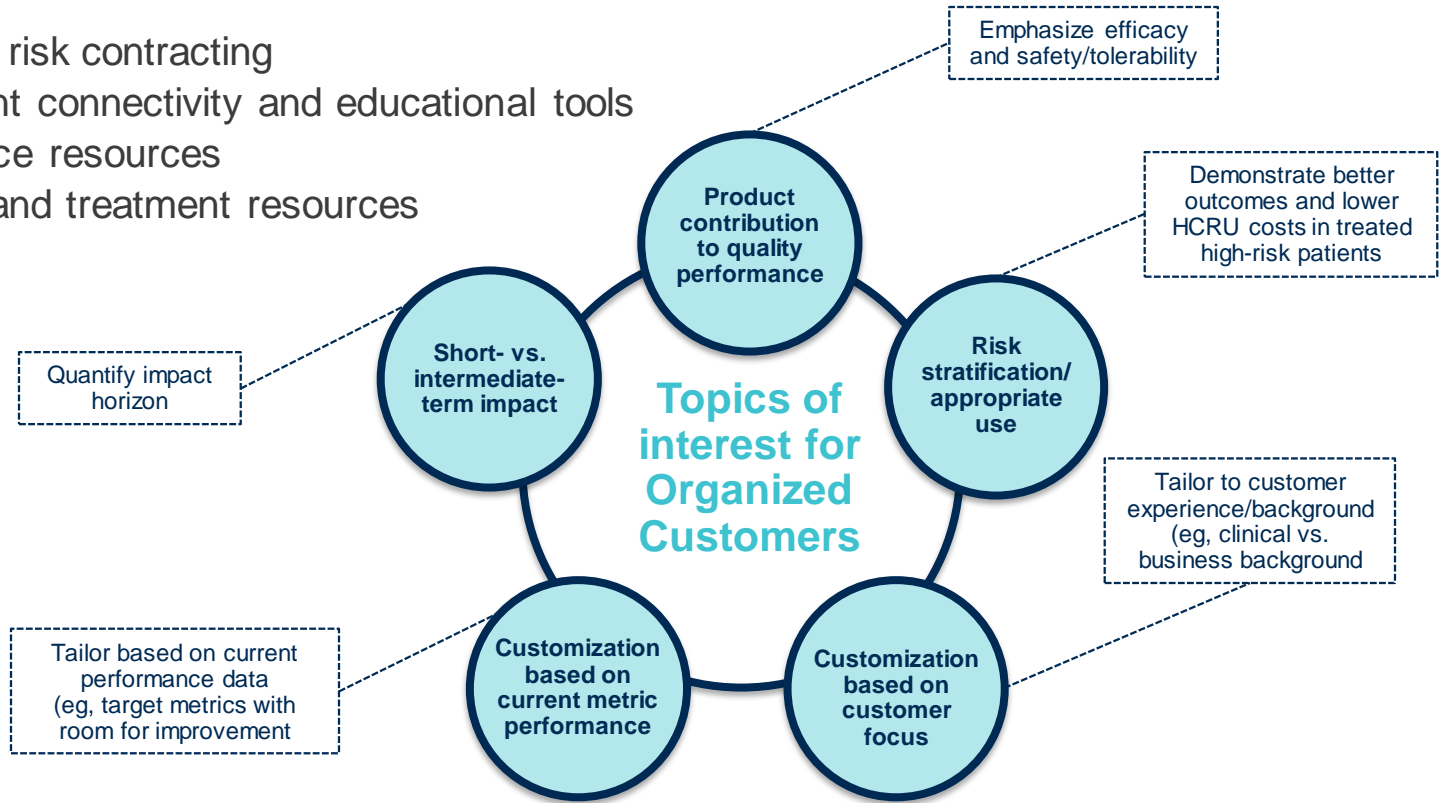
# Population Health Program Offerings Vs. Typical Areas of Focus

## POPULATION HEALTH PERSPECTIVE: HOW CUSTOMERS ARE LOOKING TO MANAGE DISEASE



# Innovative Pharma/IDN Partnerships

- Outcome-based risk contracting
- Innovative patient connectivity and educational tools
- Patient adherence resources
- HCP diagnosis and treatment resources





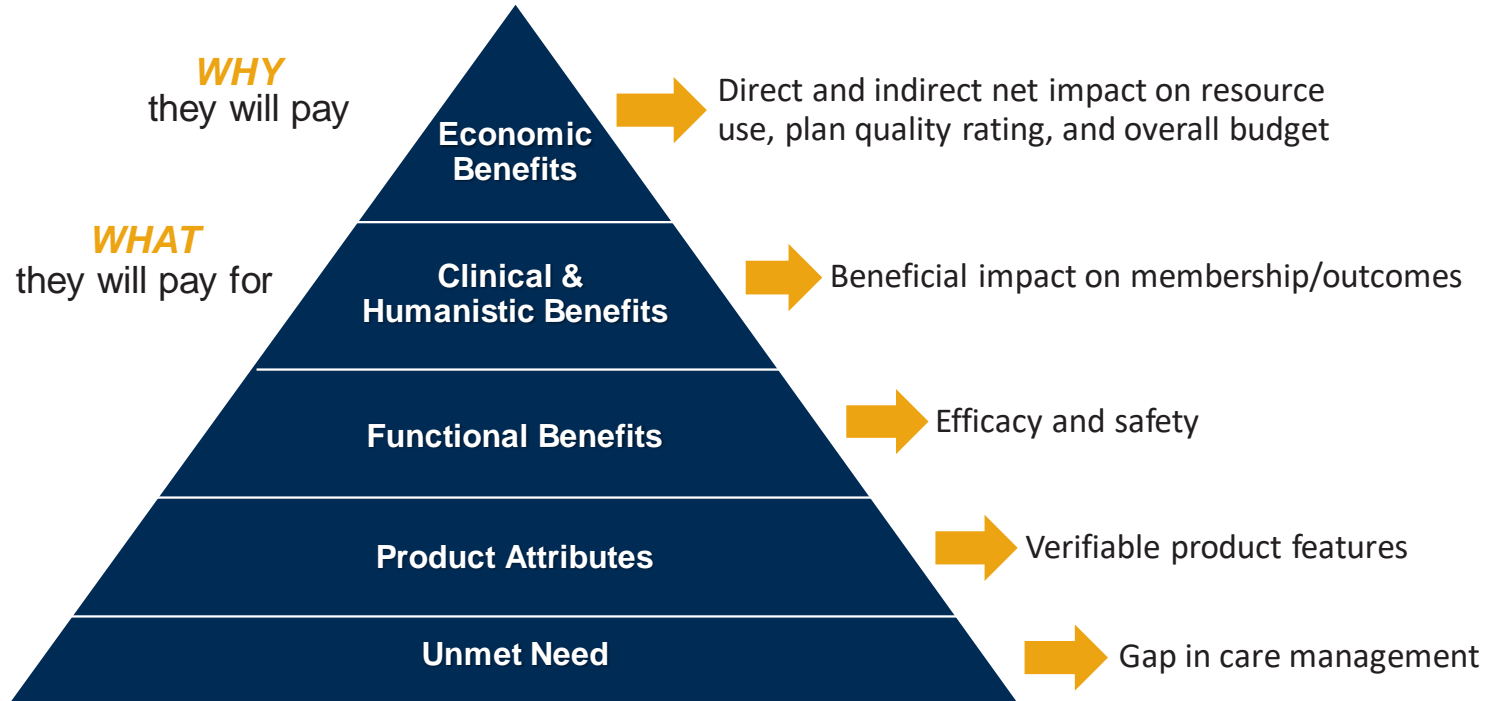
# Treatment Value Proposition in Delivery of Health System Priorities

## Treatment Efficacy Beyond the Pill



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# The Benefit Pyramid Outlines the Foundational Elements of the Value Story



# How We Help Support Population Health



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# We Understand Value Based Payments are Here to Stay and Align our products to Your Needs

- **Value Based Payment reforms** are bipartisan; coverage expansion is controversial
- **Driving change** through Medicare, Medicaid and commercial health plan market reforms
- **New economic incentives**: P4P; Alternative (value based) Payment Models; FFS pay cuts; increased consumer choice
- Markets speed differs, but **trend is clear to VBP/Population Health**
- The new administration will create changes, but mostly on coverage issues **but not the transformation to VBP**



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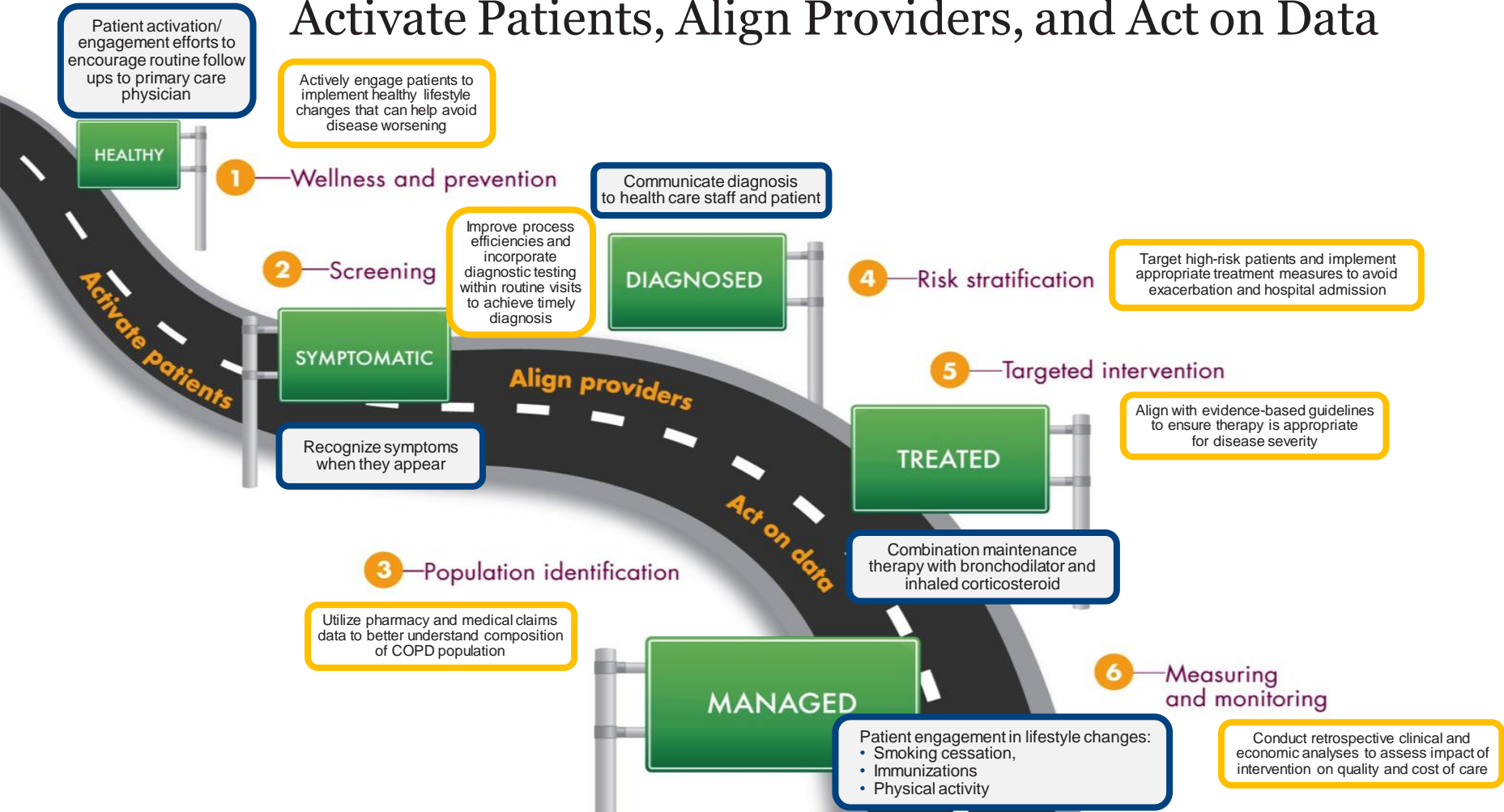


## Patient Experience Report Card:

Coordinated, Accountable Care



# Our Population Health Platform Helps you to Activate Patients, Align Providers, and Act on Data



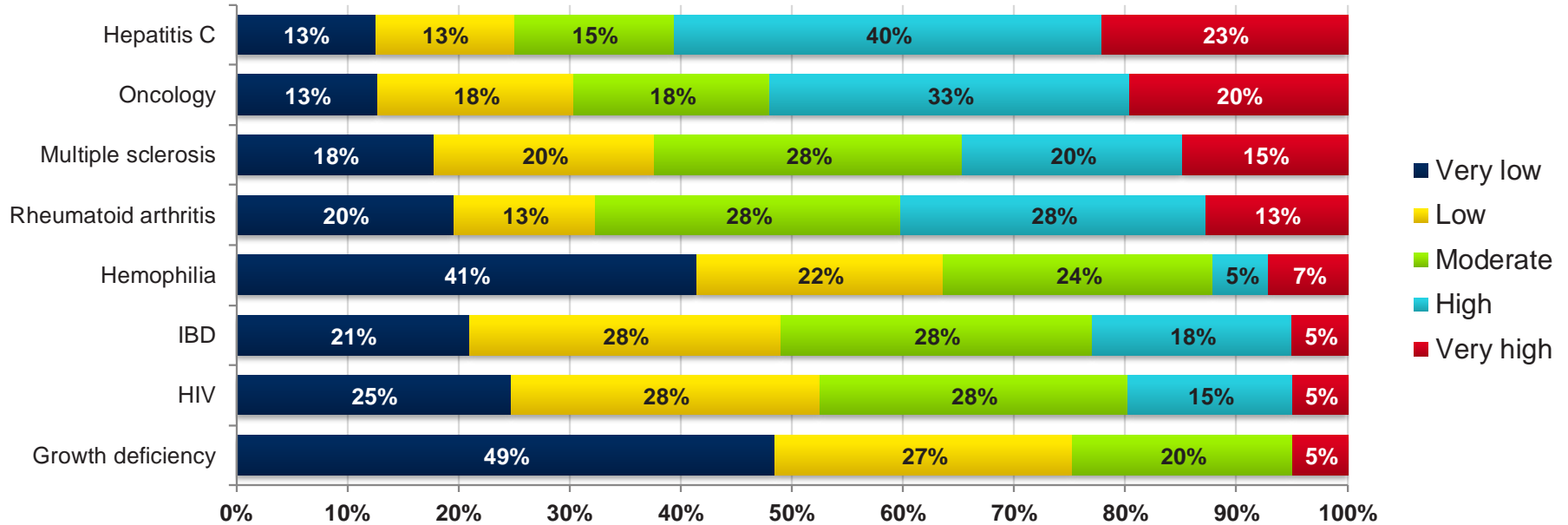
# Contracting Considerations & Opportunities



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# Performance-Based Risk-Sharing Agreements (PBRsAs)

## US Health Plan Interest in Entering into Outcome-Based Contracts with Manufacturers



Despite considerable interest from stakeholders on both sides of the negotiations, there were few successful examples of PBRsAs in the U.S. until very recently. Between 1993 and 2013, there were fewer than 20 PBRSA executed in the U.S. However, more of these arrangements have recently been announced, although they remain rare, and payers are expressing increased interest. (Health Affairs Blog, November 4, 2016)

# Performance-Based Risk-Sharing Agreements (PBRsAs): Benefits

- **Improved real-world patient QoL and overall outcomes**
- **Document patient response rates in real-world settings**
- **Payers, providers and biopharma have the opportunity to demonstrate the value of new therapies and align payment/reimbursement with it**
- **These “bets” inherently involve shared risk for stakeholders**

By tying payment to real-world outcomes, these agreements have the potential to support patients' prompt and affordable access to innovative treatments while also addressing payers' cost concerns



# Performance-Based Risk-Sharing Agreements (PBRsAs):

## Key Challenges

- **Legal & Regulatory Concerns**
  - Uncertainty regarding implications of PBRsAs for federal anti-kickback statutes
  - FDA regulations of manufacturer communications
  - Medicare & Medicaid price reporting requirements
- **Data collection and availability**
- **Timing of outcomes measurement**
- **Need for institutional champions in each organization**

## Possible Solutions

- **CMS needs to provide education and clarity regarding the regulations**
- **Create safe harbors for PBRsAs in existing laws**
- **CMS needs to provide protection from anti-kickback consequences**
- **Protection from FDA's off-label communications regulations needed**

# Other Contracting Considerations

- **Health Systems can only engage in price contracting through their Provider-Sponsored Full Risk Plan**
- **In ACO and Bundled Payment setting , preferred product based on market price (net) and additional FMV service offerings**

# Becoming “Partner Of Choice”



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# Keys to Building Strong Partnerships

- 1 Understand differences in culture and strategic objectives...do your homework!
- 2 Identify those platforms and resources that create value “beyond the pill”
- 3 Realize that IDNs are being approached with many partnership opportunities in some cases outside of pharma...big data and technology
- 4 Clearly understand the “WIFM”
- 5 Identify the best path to creating shared value driven by clear objectives and expectations
- 6 Pilot projects and incubators can be good ways “to test the water”
- 7 Can't always look at these engagements with the traditional short-term ROI mentality

The ultimate goal is to become a solutions-based trusted partner

# Driving Productive Dialogue



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# Approach with fully integrated IDNs... the Geisinger experience

## Profile

- Geisinger Health System is one of the largest integrated health services organizations in the US – comprised of 1,600 employed physicians, 12 hospital campuses, two research centers, and a 510K member health plan. Geisinger owns physician groups, ASCs, home health, hospices and a SNF.
- Geisinger offers group and individual health plans, Medicare Advantage, and provides care to Medicaid and CHIP patients.
- Geisinger closed its acquisition of AtlantiCare on October, 1 2015.
- The system serves over 3 million residents throughout central and northeast PA and southern NJ.
- Geisinger is a Level 5 IDN, fully integrated with a well established, financially successful health plan

## Culture

- Consensus, teamwork and collaboration
- Continuous improvement mentality with openness to try new approaches
- Data driven...performance metric aware environment

## Drivers

- Reduction in hospital admissions and readmission rates
- Always looking for consolidation opportunities
- Patient satisfaction is a primary goal driven by Proven Experience initiative that offers refunds to patients who are not fully satisfied with their experience



# Approach with fully integrated IDNs... the Geisinger experience

**Geisinger is focusing on CMSs core areas for improvement as they are tied to Medicare reimbursement and value-based purchasing.**

## Areas of Potential Mutual Interest

- Improving patient experience...patient education, connectivity, etc.
- Reducing surgical site infections
- Care transition improvement (leading cause of readmission)

ACO value-based initiatives includes health promotion and education and all-cause unplanned admissions for patients with diabetes, hear failure and multiple chronic conditions. They also are highly focused on at-risk populations including depression, diabetes, hypertension, heart failure, etc.



# What Does the Dialogue Look Like?

## Pharma/IDN Role Play



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Questions?



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# Contact Information and Resources



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Please contact us at...

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# Integrated Health System Profile Contents...Knowledge is Power!

- System overview and recent news
- Leadership, org chart and executive bios
- 2016-2017 strategic priorities
- Best practices for partnering
- Population demographics
- Patient volume and financial performance
- Market share and key competitors
- Value-based contract performance
- Value-based initiatives: ACOs and bundled payments
- Darwin's Visual Scorecard for Medicare ACOs
- Affiliations: hospitals, physician groups and other affiliations
- Deployed technologies: clinical systems and EHRs
- Contact information—phone and verified email contacts

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