PharmaCo

“Our Common Drive to Improve Patient Outcomes”

December 2, 2016

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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
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
  • Predicative modeling
  • Value-based contracts
Population Health Program Offerings Vs. Typical Areas of Focus

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

**TYPICAL AREA OF FOCUS**

- **Genetics, Environment, Socioeconomic**
  - Patient education tools and resources on the impact of diet and exercise for prevention of Disease

- **Lifestyle, Diet, Exercise**
  - Tool for individual IDN system analysis to identify treatment gaps and opportunities

- **Comorbidities**
  - “Best practice” communication tool for Class

- **Prior Event**
  - “Best practice” scenario for avoiding readmissions

- **Event**
  - Field training on how best to present opportunities for promoting patient behavior change (shared decision making, motivational interviewing)

- **Site of care**
  - Communication tools on barriers to Class adherence

- **Transition of Care**
  - Patient tools and education emphasizing the importance of follow up visits, treatment adherence, and lifestyle choices

- **Adherence**
  - Patient education tools and resources on the impact of comorbid conditions on Disease

- **Lifestyle Diet, Exercise**
  - Follow-up Visits

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Innovative Pharma/IDN Partnerships

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

Topics of interest for Organized Customers

- Product contribution to quality performance
  - Emphasize efficacy and safety/tolerability
- Short- vs. intermediate-term impact
- Risk stratification/appropriate use
  - Demonstrate better outcomes and lower HCRU costs in treated high-risk patients
- Customization based on current metric performance
  - Tailor based on current performance data (e.g., target metrics with room for improvement)
- Customization based on customer focus
  - Tailor to customer experience/background (e.g., clinical vs. business background)
- Quantify impact horizon
Treatment Value Proposition in Delivery of Health System Priorities

Treatment Efficacy Beyond the Pill
The Benefit Pyramid Outlines the Foundational Elements of the Value Story

**WHY** they will pay:
- Direct and indirect net impact on resource use, plan quality rating, and overall budget

**WHAT** they will pay for:
- Beneficial impact on membership/outcomes
- Efficacy and safety
- Verifiable product features
- Gap in care management

- **Economic Benefits**
  - Unmet Need
  - Product Attributes
  - Functional Benefits
  - Clinical & Humanistic Benefits
  - Economic Benefits
How We Help Support Population Health
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**
Our Population Health Platform Helps you to Activate Patients, Align Providers, and Act on Data

1. **Wellness and prevention**
   - Patient activation/engagement efforts to encourage routine follow-ups to primary care physician
   - Actively engage patients to implement healthy lifestyle changes that can help avoid disease worsening

2. **Screening**
   - Recognize symptoms when they appear
   - Improve process efficiencies and incorporate diagnostic testing within routine visits to achieve timely diagnosis

3. **Population identification**
   - Utilize pharmacy and medical claims data to better understand composition of COPD population

4. **Risk stratification**
   - Communicate diagnosis to health care staff and patient
   - Target high-risk patients and implement appropriate treatment measures to avoid exacerbation and hospital admission

5. **Targeted intervention**
   - Align with evidence-based guidelines to ensure therapy is appropriate for disease severity
   - Combination maintenance therapy with bronchodilator and inhaled corticosteroid

6. **Measuring and monitoring**
   - Patient engagement in lifestyle changes:
     - Smoking cessation,
     - Immunizations
     - Physical activity
   - Conduct retrospective clinical and economic analyses to assess impact of intervention on quality and cost of care
Contracting Considerations & Opportunities
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 statues
  • 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”
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
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 it’s 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, heart 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
Questions?
Contact Information and Resources
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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