POV: REDEFINING VALUE: WHAT VALUE-BASED CARE MEANS FOR PHARMA

JULY 2016
DEFINING CHANGE, REDEFINING GOALS

EXECUTIVE SUMMARY

Once, pharmaceutical brands competed on product attributes — e.g., efficacy, dosing, side-effect profile — and those alone. This was no different than most consumer marketing. The product was enough. Today, when consumer-packaged goods compete, it sounds more like online dating. Brands are personalities and experiences, not just items. As brands have come alive, attribute-centric marketing seems to have perished.

Consumers now expect brands to provide stellar, multi-faceted customer service. In fact, a recent poll showed that 59% of online consumers expect healthcare brands to offer the same level of customer service as companies like Amazon.

Moreover, in healthcare, there are consumer and industry forces building that will require this broader, experiential way of thinking. Customer preferences will soon be joined by regulations. As the industry begins to measure care by outcomes, brands will need a focus on value that goes beyond the product. This “value-based care” paradigm is a leading influencer of healthcare provisions and expectations — and, as healthcare changes, so must pharma.

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This POV will explain the forces at work and discuss practical ways to begin to evolve a pharma brand approach toward a mindset of value-based care.
As cost pressures in the pharmaceutical industry rise, the basic business model faces scrutiny and perhaps dismantling. One major driver of this is “meaningful use,” the government program that will focus outcomes-based measurement on healthcare providers.

Another increasingly popular term is the “triple aim,” a concept developed by the Institute of Healthcare Improvement, a nonprofit think tank. It postulates that quality healthcare has three simultaneous goals: better patient experience, better population-wide health and lower per-capita cost.

The triple aim as a concept, meaningful use as a U.S. government program, and value-based care as an overall paradigm are three related ideas that directly affect the American healthcare system — and, as such, indirectly affect the pharmaceutical industry. They trigger a shift in mindset, one that isn’t necessarily at cross purposes to the traditional pharma business model, but does require a much broader view. It means a more comprehensive understanding of the patient and a broader view of what it means to be a brand. The traditional measurements of success for pharma will need to evolve in keeping with this shifting concept of successful healthcare.

Stage 3 of meaningful use (see sidebar) is scheduled to go into effect in 2017, though it is as yet undefined. Whether it is again postponed and however it is specified, one thing is certain: the goalposts for success are changing.

“Stage 3 of meaningful use” — what’s it really mean? In 2011, the Centers for Medicare and Medicaid Services developed a program to prompt U.S. healthcare practitioners to use electronic health records — full usage being “meaningful use.” Stage 3 of this program will be the use of EHR data to prove that healthcare providers are improving patient outcomes.
HOW VALUE-BASED CARE AFFECTS PHARMA

Once, success simply meant a “blockbuster” — a drug that sold enough. Today, the measurements are evolving. Rather than being quantified by number of patient visits, procedures ordered or other strictly transaction-based measurements, the success of providers will, in the near future, be measured by the outcomes that their care enables.

It’s no longer enough to create and market an effective drug. Healthcare providers — and, in turn, healthcare brands — will also be expected to ensure successful outcomes. Value is placed not only on the moment of care, but now, also, on the broader, long-term ability to produce positive health outcomes for patients. Companies that can successfully and cost-effectively assist providers in orchestrating better care will survive.

The industry is changing because of this new focus on outcomes. While many pharma brands historically have believed that getting patients on a drug is the be-all and end-all, today’s expectations don’t end there. Stakeholders today expect not only that a brand will offer an effective product, but that the brand is there for them every step of the way. Brands that can do that will win in the long term.

Adherence, compliance and managed expectations are bigger concerns, and patient education grows in importance. Patient compliance is often due to a lack of perceived need.

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To stay adherent — taking their prescription — and compliant — taking it properly — a patient needs to understand the importance of their medication. This requires understanding how their condition affects their body, especially in ways they can’t see or feel, and understanding how their medication affects their condition. For instance, does it take weeks to begin to notice changes? Does it require regular tests or monitoring?
This crucial knowledge needs to be imparted throughout the entire patient journey, not briefly at the first prescription.

Audiences also need to be widened. While physicians and patients will always be at the center, a focus on outcomes means additional groups should come into our marketing radar:

+ Caregivers, family members, pharmacists — Who else influences the long-term behavior of the patient?
+ Nurse practitioners, physician assistants, nurses — Who else is a professional touchpoint?
+ And, of course, payers — How will the views of insurance providers influence what happens to patients?

As value-based care becomes more widespread, formulary decisions will increasingly hinge on outcomes, taking into account not only price, but results.

**OPPORTUNITIES FOR PHARMA**

It’s true for any marketer: it’s easier to keep a customer than to find a new one. Helping an existing patient have better long-term outcomes is better medicine — and better business. The journey can’t stop at the script or even a few months later, particularly with chronic conditions. Value-based care implies that effective patient services will accompany drugs and devices and that their long-term efficacy will be measured together, not separately.

The market realities that will mandate outcomes-focused medicine remain in the future. But the pace of this industry often requires years to make change happen. If you can plan a value-based strategy now, you can be ahead of the game — and reaping the immediate rewards.

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Here are some ways to make it happen:

+ **Widen the patient journey** — So often, the hypothetical patient journeys — i.e., beginning with diagnosis and followed by drug cycling and consideration, then drug initiation, adherence and retention — outlined by marketers focus on the moment of prescription and lump the post-script experience into a brief stage titled “ongoing adherence.” Yet, the post-script period is when a brand can be the driver, helping the patient understand and stick to their treatment, which ultimately will lead to better outcomes. The patient journey should give the post-script stage the same priority as the moment of script.

+ **Expand your audiences** — From payers to physicians and physician assistants, nurse practitioners to pharmacists, how can your marketing efforts empower ALL of these stakeholders to achieve better patient outcomes with your brand?

+ **Rethink the value chain** — Begin to consider your brand as a product-and-service bundle. HCPs aren’t just prescribing your drug; they’re trusting your brand and your company to help their patients. How else can you do that? Are you helping them understand, manage and feel good about their health?

+ **Develop and implement a long-term patient communication plan** — If you’re trying to figure out how long to engage in communication with a patient, the answer is “as long as they’re using your drug.” Just because a patient has been using your drug for a significant period, that doesn’t mean the conversation should stop. They may have ongoing challenges, like changes in their coverage, changes in disease manifestation or life events that may need intervention to ensure ongoing adherence.

+ **Create a measurement plan for your outcomes story** — To change patient outcomes, a measurement plan is necessary. How are you gathering evidence that intervention tactics are impacting a patient’s adherence over any type of control? Physicians will expect a high level of measurement and proof; payers will demand it.

**CONCLUSION**

Value-based care will require healthcare practitioners to be measured in terms of their positive impact to patient health. The standard of excellence for the pharmaceutical industry will broaden, not only providing efficacious medicines and devices, but helping ensure that the patients who use those products are set up for success. This requires a reassessment of resources

proprietary
and strategies, but it is the chance for brands to create a powerful new outcome story, to show how their service can drive results backed by data. That’s a story payers and providers, under the new value-based care barometer, will care about.

While the regulatory requirements are not yet in effect, it’s possible to begin thinking this way today. Begin with questions like these:

+ **What support programs** can the brand create to not only help each patient be adherent and **compliant**, but also prove to payers the overall value of the brand? For instance:
  - Supporting patients in managing their condition as part of their life
  - Educating patients and helping them feel empowered
  - Helping ensure patient access to medication
  - Assisting patients in developing and maintaining healthy habits

+ **How can the brand prove** that those programs and efforts are driving better outcomes? How can short- and long-term goals and KPIs be reevaluated to this end?

+ **How can brand data** be gathered, analyzed and interpreted to build a story of value, and how can that story be communicated to physicians and payers?

**FURTHER READING**

+ [https://www.bcgperspectives.com/content/articles/biopharma_what_value_based_health_care_means_for_pharma/](https://www.bcgperspectives.com/content/articles/biopharma_what_value_based_health_care_means_for_pharma/)
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