



CRA Insights: Life Sciences

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Improving access through effective payer marketing

With over 80 percent of prescription drugs paid for by commercial or government payers,¹ virtually every product's commercial success or failure depends on securing and sustaining favorable payer access. Access decisions influence physician prescribing patterns, patient out-of-pocket costs, product distribution, and profitability; they have a direct effect on launch success; and they have long-term implications for customers' perceptions of a brand. Payer marketing efforts are aimed at conveying product value and securing and maintaining desired access levels.

Rising pharmaceutical costs have increasingly focused payers' attention on cost reduction strategies that can result in reduced access and/or lower profitability for pharmaceutical manufacturers. Payers are inclined to minimize product differentiation, threaten access restrictions, and extract rebates as they seek to manage appropriate use. A pharmaceutical manufacturer's payer marketing initiatives need to address the payer's objectives for quality care at reduced costs. As such, payer marketing initiatives need to effectively communicate product value and differentiation from a payer's perspective.

Payer marketing activities need to respect the sophistication of payer customers and deliver messages that speak directly to their business concerns. Payers (and their employer customers) are concerned about increasing the quality of the patient experience, improving health outcomes, maintaining sufficient choice, nurturing physician relationships, and operating efficiently. Pharmaceutical manufacturers who develop marketing campaigns that address these core customer objectives are more likely to be viewed as partners in patient care, and this will help them achieve the ultimate goal—favorable access for their products.

The stakes are high and the pressure is increasing. Companies need sophisticated messages for increasingly sophisticated purchasers as well as an integrated approach to strategy and execution. CRA has helped many manufacturers develop more effective payer marketing strategies and tactics. Below, we outline some of the key elements of a successful payer marketing approach.

Segment the customers

Beyond traditional measures of size and control, payers can be segmented along a variety of dimensions; this enables companies to develop and execute customized strategies for each segment. The objective is to identify payers with similar concerns, philosophies, or management approaches, enabling the development of compelling messages that specifically address those customers' needs. Appropriate

¹ Hartman, Micah, et. al. "National Health Spending In 2007: Slower Drug Spending Contributes To Lowest Rate Of Overall Growth Since 1998." Health Affairs. 246. January/February 2009.

segmentation dimensions depend on the product category, brand strategy, and competitive environment, but they may include historic category utilization patterns, PBM and employer relationships, observed controls in analog categories, etc. For example, in one study, CRA analyzed account-level utilization data to assess how quickly accounts adopted new technologies and developed customized strategies for fast and slow adopters with respect to a product launch.

Develop the messages

A gap often exists between a manufacturer's enthusiasm for its product and a payer's perception of value. A critical first step for a payer marketing team is to understand its customer's point of view, how that point of view is likely to influence access, and how that point of view differs by segment. This can be accomplished through primary research with payer representatives responsible for access decisions. Once the customer's point of view is understood, there are at least three key marketing activities.

Guide the research: Sometimes developing effective messages requires clinical and outcomes data that take months or years to develop. Payer marketing teams should use their understanding of payer customers to identify the most meaningful clinical and health economic arguments, and provide appropriate guidance to the clinical and health outcomes teams to ensure the base of evidence exists from which to develop effective marketing messages. This requires involvement early enough in the development process to influence the direction of those activities. Once the evidence is developed, the team can integrate the information into its marketing materials, always ensuring that the approach is integrated with the brand strategy and customized by payer segment.

Shape the market: Market shaping activities may be required to ensure payer receptivity to the manufacturer's product-specific messages. For example, a particular unmet need may not be well understood by payers, causing them to undervalue treatments that address the unmet need. While conducting research in one therapeutic area, CRA discovered that tolerability and resulting compliance problems were not well documented and were not well understood by payers. Before delivering a marketing message touting the new product's tolerability advantages, the benefits of tolerability improvements on quality of care needed to be established.

Differentiate the product: Payer marketing teams need to clearly articulate their products' advantages and the benefits of providing those advantages to the payer's membership. Differentiation can be demonstrated along many different dimensions (safety, efficacy, cost, patient-satisfaction, etc.), but to be effective, it must be a dimension that the payer values and considers in its access decisions. In one situation where efficacy advantages were clear but a price premium caused access challenges, differentiating the product based on its *cost per outcome* helped payers appreciate the product's value compared to competitors.

Equip your account teams

The most brilliantly devised strategies and flawlessly designed marketing campaigns are doomed to fail without effective execution. A critical step in executing the marketing approach is developing clear tactics that help account managers communicate messages succinctly, convincingly, and in the right sequence. Payer marketing teams need to develop tactical plans and train account managers, equipping them to profile customers, assess account needs, deliver key value messages appropriate for the account, and anticipate and overcome potential access barriers. This may involve developing and facilitating workshops with the account executives to support the effective execution of the access strategy and equipping them with troubleshooting capabilities to employ when access challenges inevitably arise.

Monitor progress

An often overlooked element in a comprehensive payer marketing approach involves monitoring successes and failures resulting from execution of the strategy. A disciplined monitoring program allows companies to evaluate failures objectively and thereby prevent organizational panic over one or more lost accounts; it will also highlight successes and deliberately seek to disseminate proven best practices. Establishing clear launch progress metrics and tracking processes enables brand and payer marketing teams to identify

unexpected access challenges, quickly address issues, and ensure the desired launch trajectory is maintained. This may be accomplished by compiling self-reported data from account managers, leveraging secondary databases, and/or conducting primary research in order to develop monitoring tools that provide timely feedback and enable strategy improvements.

CRA can help you enable your sales force and maintain profitability

Nothing frustrates a pharmaceutical sales force like poor access, and nothing depresses financial performance like overly generous discounts and rebates—effective payer marketing can mitigate both risks through effective communication of value leading to targeted access levels at optimal net prices. By partnering with CRA, your organization can be assured that both objectives are properly balanced and integrated with the broader company, portfolio, and brand strategies. Having completed hundreds of payer interviews, analyzed payer behavior in dozens of product categories, and developed value propositions for a broad range of products, CRA has developed a broad variety of payer-oriented strategies to raise the potential of new products and deliver sustained profitability for existing portfolios.

About CRA's Life Sciences Practice

We provide life sciences companies, law firms, and regulatory agencies across the globe with the industry experience and analytical expertise needed to address the industry's toughest issues. We have developed a reputation for rigorous and innovative analysis, careful attention to detail, and the ability to work effectively as part of a wider team of advisers.

CRA has offices throughout the world, including European offices in London, Brussels, and Frankfurt; United States offices in Boston, Chicago, New York, Oakland, and Washington DC; and other international offices in Toronto, Bahrain, and Hong Kong.

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