CHAPTER 1

WHY OUTCOMES, NOT PRESCRIPTIONS, ARE THE NEW MEASURE OF SUCCESS
Pharmaceutical marketers, pay attention: The old, commonly used approaches are simply no longer effective for engaging patients or, more importantly, delivering better patient outcomes.

Faced with rising costs and fewer choices, consumers are dissatisfied with the value they’re receiving. They’re demanding holistic value for their healthcare needs and holding more power than ever before. They seek solutions on their own time and on their own terms to attain better health outcomes and lower costs.

This shift has given rise to a new approach to healthcare—one defined by patient behaviors and attitudes, turning pharmaceutical providers into sellers of value rather than simply sellers of product. We call this approach the New Patient Economy, and it’s creating a seismic shift across the entire healthcare ecosystem.

To succeed in the New Patient Economy, pharmaceutical marketers must transform their patient engagement programs to deliver winning patient experiences that help patients achieve the superior outcomes they seek and that payers and physicians demand.

In this new series, 5 Keys to Success in the New Patient Economy, you’ll learn tips and strategies for transforming your patient engagement model, along with the following:

• Why successful outcomes, not prescriptions, are the new measure of success
• What patients really want in the New Patient Economy
• Proven strategies for delivering superior patient experiences and outcomes
• Practical steps you can take to get started on your transformation
The quest for outcomes and value is a powerful force for change and is having a major impact on every stakeholder in the healthcare ecosystem. Health insurers and payers, who are spending over $3 trillion in healthcare costs per year, are no longer willing or able to tolerate the poor value they’re receiving for their money. They are under great pressure to identify sustainable approaches to improve patient outcomes and quality of care while at the same time reducing cost. And they’re demanding that all stakeholders—biopharmaceutical companies, medical device companies, providers, and healthcare institutions—change their business practices to meet the challenge.

The Institute of Healthcare Improvement created a framework to establish a common approach and goals. Called the Triple Aim, it aligns all stakeholders on transforming healthcare from a physician-centric to patient-centric environment. It recognizes that healthcare exists to serve patients and that the system should be designed with patients at the center. And it mandates a drive for value—better outcomes for more patients at lower costs.

Biopharmaceutical companies are under tremendous pressure from all stakeholders
to provide real-world evidence of the value of their treatments. Payers require it to gain formulary approval. Physicians demand it as they take on more financial risk and are paid based on outcomes. Patients expect it, as they are taking on a greater share of the cost burden and are empowered with data and technology to proactively manage their own health. These stakeholders will chose the product that provides the greatest value. So if biopharmaceutical companies don’t demonstrate value, they risk losing market share and profits.

**Pressure From Payers On Biopharmaceutical Companies**

Insurers are demanding that pharmaceutical companies put effort into proving the value of their medicines—something that extends well beyond basic efficacy. It’s no longer enough to show that a drug for Type 2 diabetes lowers blood sugar and HBA1C. Now, drugs such as Jardiance—a Type 2 diabetes product from Lilly and Boehringer Ingelheim—are going beyond expected performance and showing improved cardiovascular outcomes, an essential component of diabetes management.

Payers prefer therapies that meet unmet medical needs or provide superior clinical benefit compared to existing treatments. They recognize that outcomes in the real-world are impacted by how patients use the drug, and so they prefer medications that are easier for patients to take—those that are more convenient, tolerable, and have higher adherence rates. They expect medications to show evidence that they help reduce the total cost of care by reducing medical procedures and hospitalizations, and they also look for improvement in patient quality of life.

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**The IHI Triple Aim**

Any definition of value must address all three pillars of the Triple Aim.

The IHI Triple Aim is a framework developed by the Institute for Healthcare Improvement that describes an approach to optimizing health system performance. It is IHI’s belief that new designs must be developed to simultaneously pursue three dimensions, which we call the “Triple Aim”:

- Improving the patient experience of care (including quality and satisfaction);
- Improving the health of populations; and
- Reducing the per capita cost of health care.

As the drive for outcomes and value accelerates, so too does the growth of expensive specialty medicines. With 300 specialty medicines on the market today and another 700 in development, sales of these drugs are expected to account for over half of all drug spending by 2018. These new medicines provide remarkable value but at a very high price. For example, new innovative cancer therapies such as Opdivo are extending lives without the devastating physical effects of traditional chemotherapy, but the average annual cost of cancer drugs increased from roughly $10,000 before 2000 to over $100,000 by 2012. As a result, the cost of specialty care drugs is exceeding the budget that payers have to pay for them. Over the next 5 years, payer budgets are forecasted to be $50 BILLION dollars lower than forecasted demand.1

Adding fuel to the fire is increased competition and commoditization of specialty care products. Notable examples include the recent neck-to-neck races among PD-L1 inhibitors and the PCSK9 cholesterol reducers. In this environment, biopharmaceutical companies must demonstrate superior value beyond the pill to be successful.

As a result, innovative outcomes-based contracts are on the rise. Some recent examples include the following:

- The contract for Entresto, Novartis’s breakthrough drug for congestive heart failure, pays out based on reduction in the percentage of patients who are hospitalized due to CHF.

- In another example, Amgen struck a deal with Harvard Pilgrim Health Care for Repatha, its PCSK9 cholesterol reducer. Amgen agreed to larger rebates for reaching cholesterol goals or exceeding utilization goals. This gave Amgen preferred formulary status and a big advantage against competitor Praluent, which was introduced by Sanofi at about the same time.

- Express Scripts, the largest Pharmacy Benefit Manager began a new value-based reimbursement model using indication-specific pricing. For example, Tarceva commands a higher price in lung vs. pancreatic cancer based on better survival benefits.

- In January 2016, Lilly and Anthem entered into a collaboration agreement to help accelerate the transition toward value-based pricing with policy proposals that will help drive payment innovation.

Despite some of the challenges in establishing contracts based on outcomes and values, experts agree that outcomes-based drug pricing will increase exponentially.
Pressure From Providers on Biopharmaceutical Companies

Value isn’t just driving biopharmaceutical companies to change course; it’s also causing providers and healthcare institutions to face dramatic change. They in turn are turning to biopharmaceutical companies for help.

Public and private purchasers demand better outcomes at a lower cost, dramatically accelerating the pace of experimentation with new care delivery and payment models. For example, value-based payments grew 30% from 2015 to 2016. Forty percent of Aetna’s members are receiving care from doctors, hospitals, and others in value-based arrangements. In fact, Aetna promotes its commitment to value-based care on their member website as a significant member benefit. Additionally, CMS has pledged to push half of its $300 billion in annual Medicare fees for service spending into contracts with incentives to manage quality and costs by 2018.

As a result, the traditional fee-for-service model is rapidly changing to fee-for-value, requiring physicians to assume more financial risk and accountability for the care they provide—and the outcomes patients receive. According to a recent survey by Omnicom Health Group and Capgemini Consulting, nearly 60% of organized providers—those employed by groups such as Integrated Health Systems or Physician Hospital Organizations—operate under alternative payment models. Further, these providers use real-world evidence as the primary basis for treatment decisions (39%), even more than clinical trial data (31%) and national treatment guidelines (22%).

As physicians don’t have time to help patients to adopt behaviors needed to achieve the best possible outcomes—staying adherent or changing their lifestyle, for example—they are turning to biopharmaceutical companies for help.

Summary

Perhaps the biggest impact this has on biopharmaceutical companies is its criticality in success of new product launches. A study by Accenture shows that about a third of recent new drug launches missed analysts’ forecasts by 50% or more. That’s a huge loss in commercial value. Having more robust outcomes data was a key distinguishing character of the most successful launches.

In the end, stakeholders will choose the product that provides the greatest value. If pharmaceutical companies don’t demonstrate that value in their offerings, they risk losing market share. This is why a value-focused approach is necessary not only for the health of consumers, but also for the health of your business.
Implications

Focusing on patient outcomes is no longer just a suggestion—in the New Patient Economy, it’s mandatory. How can pharmaceutical companies deliver the outcomes and value that every payer and provider demands?

1. Focus on the patient: Patient behavior—how patients use their drugs, and how they manage their health throughout their entire journey, is a key determinant of achieving the successful real-world outcomes that every stakeholder wants to see.

2. Differentiate beyond the pill: Commercial success today requires more than just great innovations. Biopharmaceutical companies also need to develop service platforms that can turn new science into measurable patient value and superior outcomes, as well as differentiate their drug from similar competitors in ways that are meaningful to payers, providers, and patients.

3. Use meaningful measurements: Today, outcomes, not prescriptions, are the new measure of success. Biopharmaceutical companies should measure the results of their adherence programs by outcomes achieved in addition to prescriptions sold and form partnerships across the healthcare ecosystem to generate real-world results for their products and their programs.

COMING UP NEXT

Stay on the lookout for the rest of our series on the 5 Keys to Success in the New Patient Economy.

Chapter 2. What Consumers and Patients Really Want in the New Patient Economy

Chapter 3. Key To Success #1: Go Beyond Adherence

Chapter 4. Key to Success #2: Create Value Beyond the Pill

Chapter 5. Key to Success #3: Engage Healthcare Consumers on Their Terms

Chapter 6. Key to Success #4: Create a Winning Experience
ABOUT THE AUTHOR

Maryann Kuzel is a life science executive and transformational leader who consistently drives brand growth through digital and marketing innovation for pharmaceutical and consumer healthcare companies. She has spent her entire career leading companies through the ever-evolving pharmaceutical and marketing landscape while leveraging her deep expertise in customer engagement, smart data, analytics, and brand strategy. Maryann writes and speaks extensively on topics related to the pharmaceutical industry and is currently SVP, head of healthcare strategy, for RAPP in North America.

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ABOUT RAPP

RAPP is one of the world’s largest customer engagement agencies. We connect brands and people in the moments that matter through transformational digital- and data-led experiences. RAPP has been observing real people’s lives for 50 years. With this unrivaled depth of first-person data coupled with modern advances in technology and analytics, RAPP creates winning experiences with precision and empathy for healthcare and consumer brands.

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Endnotes


