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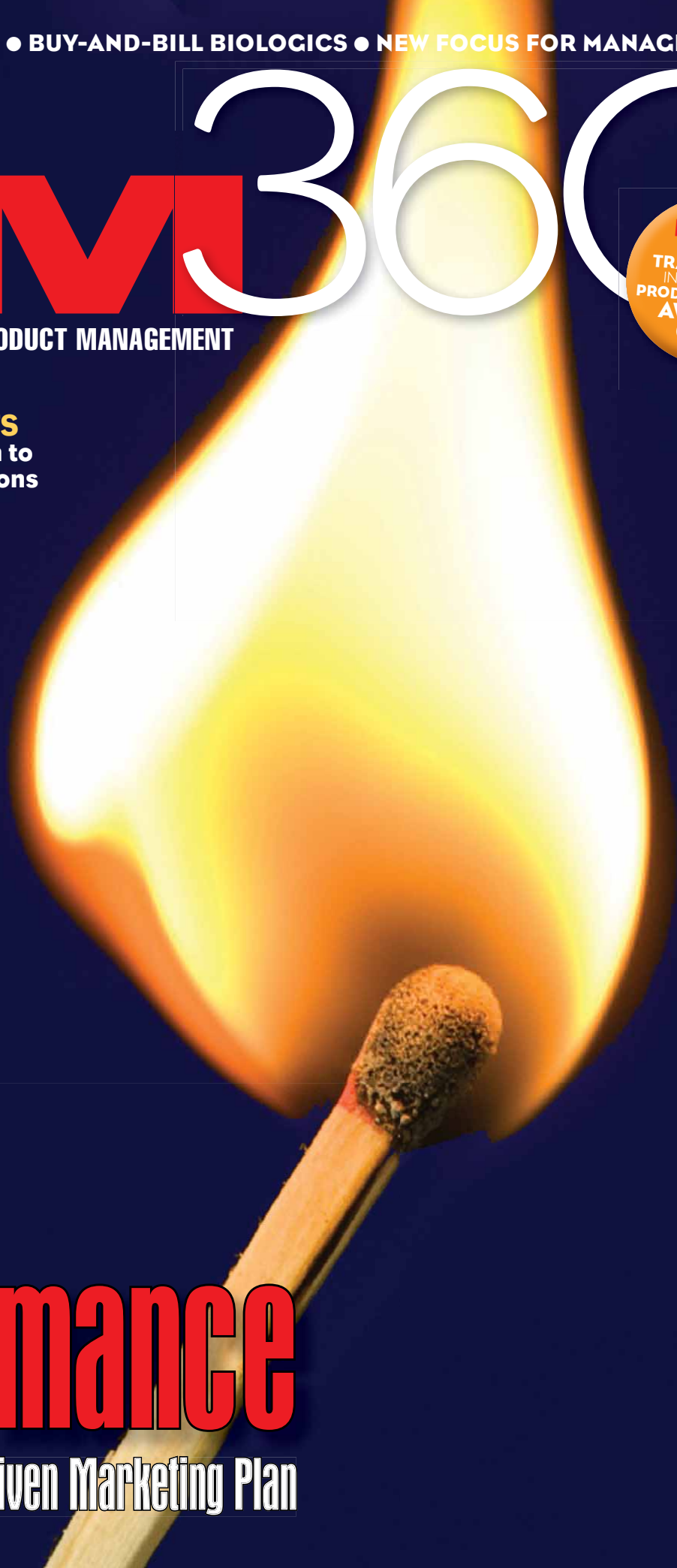
Michael Drues,
President of
Vascular Sciences

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Marketers On
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UNIQUE CHALLENGES FOR BIOLOGIC MARKETERS

BY JANE M. QUIGLEY, RN, AND SCOTT HULNICK

PHARMACEUTICAL COMPANIES HAVE SHIFTED THEIR FOCUS FROM CREATING BLOCKBUSTERS that treat prevalent conditions within saturated markets to launching drugs that are more specialized and that treat conditions affecting smaller populations of patients. Many of these new drugs that companies are discovering, licensing, or acquiring are biologics that are administered by physicians as opposed to being prescribed by physicians and dispensed through pharmacies. This major difference in distribution presents a host of unique challenges for product managers.

Unlike utilizing drugs distributed through more traditional channels, utilizing biologics requires physicians to take on a financial risk. Physicians must purchase the drug prior to using it and wait to recoup the cost by billing managed care plans and/or patients. This dynamic plays a large part in the success of a drug and must be considered as marketers plan their sales tactics, such as physician targeting and managed care strategy.

A market that historically has had to deal with these challenges is oncology. Oncologists have routinely prescribed and administered drugs in their offices. As more companies are investing in the oncology market, many brand teams will face the challenges of drug expense and availability placed on physicians in this market.

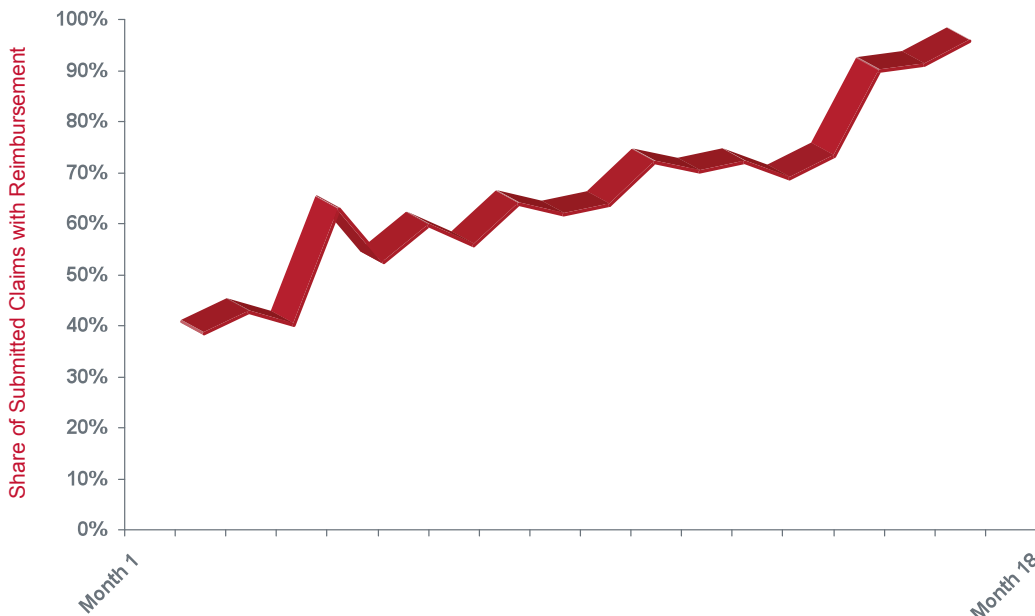
PENT-UP DEMAND

When an oncology drug is approved, there likely will already be a market ready to use it. Oncologists are constantly looking for the most current treatments that can be used to extend their patients' lives. The desire of oncologists to find the most effective treatments creates an immediate demand for new drugs once they are approved.

Marketers need to properly identify the physicians who will be most likely to use the new drug in order to fulfill the pent-up demand. Physicians who do not see the appropriate patients, or who are not financially stable, will be less willing to purchase the drug.

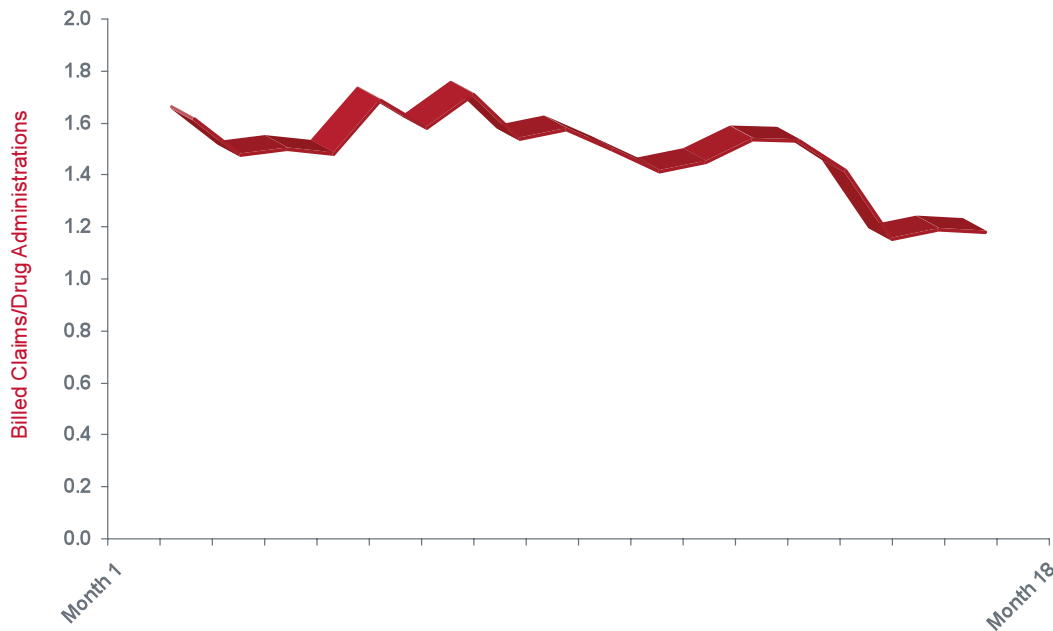
Typical targeting based on deciling of physicians who use competing drugs is too broad and of limited usefulness in the oncology market.

Share of Submitted Claims with Reimbursement from Launch



The analysis graphed is for the widely used oncologic approved for treatment of colorectal cancer. At launch, fewer than 50% of the claims submitted to Medicare and commercial payers were ultimately reimbursed. Over the following months, the percentage of reimbursement increased, reaching 94% of the submitted claims in its 18th month on the market. SOURCE: SDI

Ratio of Billed Claims Compared to Drug Administrations



The analysis graphed is for a widely used oncologic approved for treatment of colorectal cancer. During the first few months post-launch, physicians often had to submit multiple claims to receive payment for use of the drug. As time passed, physicians and payers were more efficient, requiring closer to one claim submitted per administration to receive reimbursement. SOURCE: SDI

The buy-and-bill method of payment is not new for oncologists. However, given the increasing costs associated with newer therapies and biologics, delays and reversals in payments have a greater impact on physicians' overall practice viability. Since the physicians' burden of purchasing a drug upfront is relieved only when they receive payment for its use, a managed care strategy for an oncology drug should include monitoring the submission and payment of claims for both Medicare and commercial payers.

By tracking the volume of claims submitted for payment on

the drug and the consequential actions of payers, marketers can identify which payers are not paying claims at acceptable rates and which physicians' claims are not being paid reasonably. There are many metrics that can be tracked, including submitted claims, percentage paid, percentage paid in full, payer denials and reasons, and time to receive payment.

When a claim is submitted, the physician includes important information such as the patient's condition and the billed price for the drug. Although there are regulations governing drug prices that can be billed, physicians choose the amount they will charge. If the price is beyond what payers find acceptable, they won't pay the claim in full. Also payers may determine, based on the patient's plan or diagnosis, that only a percentage of the drug's cost will be covered by the plan and the rest is the responsibility of the patient.

Marketers can study claims to look at the reasons they were not paid or not paid in full to determine if there are actions they can take, such as addressing contracting terms with the payer, to improve payment rates. The claims data can also reveal whether physicians who are not receiving the expected payment could make adjustments that would offer better results. Reimbursement issues must be addressed quickly with payers and physicians to ensure that physicians receive payment and are not dissuaded from using the drug.

ENSURING SUCCESS POST-LAUNCH

Although the difficulties that face brand teams of biologics and oncologics are unique, through careful consideration and the use of nontraditional data sources, teams can successfully overcome the challenges of selling directly to physicians. ○

Many cancer drugs are used for treatment of multiple tumor types and, therefore, some physicians using competitors' drugs will not necessarily have the right patient population for a new drug launched in the same market. Instead, in order to most accurately identify physicians of interest, a combination of data sources and metrics can be used to fully understand the patients being seen and the related behavior of physicians. Given that all oncologists do not treat all the same tumor types, it is important for marketers to understand who within a practice is seeing the patients of interest and what their current treatment patterns look like to identify them as potential users of a new product. Through medical claims and electronic medical records, it is possible to identify the tumor types and drugs used, as well as cancer stages and other demographics, for patients in each physician practice.

Even if a physician's profile fits a potential user of the new therapy, the physician's practice may not be in a position to handle the expense. Studying the viability and financial history of physician practices can help marketers determine which physicians may have difficulty purchasing the drug upfront, or if it is advantageous to try to sell a drug to a particular practice.

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