Session 4: Understanding Data Behind the Complex New World of Health Care Involving IDNs and ACOs
PMSA Virtual University

- PMSA Virtual University is conducting this four-part webinar series focused on the introduction and understanding of the current and evolving data resources available in the Life Sciences industry.

- Each session in this webinar series is designed to build on the prior session to both expand and explore the evolving data available to the Pharmaceutical industry:
  - **Session 1:** Learn about core pharmaceutical datasets - retail and non-retail.
  - **Session 2:** Dig deeper into analytics with APLD, EMR, and Specialty data.
  - **Session 3:** The world of big data coming from the evolving digital world.
  - **Session 4:** Understanding data behind the complex new world of healthcare involving IDNs and ACOs.

- With a solid foundation of data resources, PVU’s goal is to establish a venue for discussion and collaboration on best practices in analytics, marketing, and sales operations.
Agenda

- Healthcare 2015+
- Triple Aim
- ACO/IDN
- Affiliations
- Future of Healthcare
- Q&A
In the prior sessions, we have focused on more traditional and broadly utilized data resources, and evolved through media and digital data.
Healthcare remains at the forefront of our national agenda

• Analysts predict that 2014 actual expenditures were between 5 and 6.5%, in line with CMS projection of 5.6% - a significant jump from 2013 growth of 3.6%

• CMS estimates that health spending will grow at an average rate of 6.0% 2015-2023
  – ACA coverage expansions, faster projected economic growth, and the aging of the population

• Health expenditures financed by Federal, State, and Local governments are projected to account for 48% of national health spending and to reach a total of $2.5 trillion by 2023
  – # of uninsured expected to decline from 45M in 2012 to 23M by 2023

*Source: Centers for Medicare and Medicaid Services, Office of the Actuary

An emerging shift in the balance point: heightened sensitivity to clinical AND economic value

How Much is Too Much?
Cost vs. value became a global question from efficiently treating a pandemic to effectively treating growing disease states like Hep-C

ACCOUNTABILITY: Health System Transparency
With broader access to care, pressure is increasing to address structural issues within the healthcare ecosystem; which will largely be technology-enabled

HEALTH ENTITIES: Cost vs. Value of Therapy

ACCESS: PPACA Drives Broader Access to Care
The dichotomy of the USA healthcare system – what is the “right” answer?
The New Focus: Triple Aim
What combination of actions will achieve the triple aim?
What is an ACO/IDN?

- A network of healthcare providers that would share responsibility for providing care to patients, launched in Jan 2012
- ACOs would bring together the different component parts of care & Would NOT be restricted to patients with Medicare
- Will lead to better overall efficiency and quality
- Better cooperation across component parts of care
- ACOs are rewarded/penalized for staying within/exceeding budgets.

- An integrated delivery network (IDN) is a network of facilities and providers that work together to offer a continuum of care to a specific geographic area or market.
- IDNs include many types of associations across the continuum of care.
- Multi-hospital systems and mergers may be considered limited IDNs, since different entities are joining together to provide care. Some members of a network provide identical or complementary services to patients.
Affiliations
The affiliation mapping now needs to expand beyond the payer, hospital and GPO to include ACO/IDN, but the relationships are not easy to establish and are harder to maintain.
Considerations need to be taken when establishing a master affiliation model

- What does your portfolio require?
  - Distribution (retail/non-retail/specialty pharmacy)
  - Customer (Primary vs. Specialty)
  - Payer dynamics (contracting, Medicare, etc.)
  - Account/Organization (Hospital, Practice, University)
**Accuracy is measured by how consistent your model is and how often you update and validate it**

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<thead>
<tr>
<th>Data source</th>
<th>Accuracy</th>
<th>Maintenance</th>
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Future of Healthcare
The future of healthcare: focus for Pharma industry

1. Patients and payers wield greater control over cost and consumption

2. Government intervention in the healthcare ecosystem will continue, and uncertainty remains

3. Effective use of big data and analytics is essential in order to better understand and influence brand success
Future healthcare trends will be shaped by consumer reaction to cost vs. value

- Patients wield greater control over cost and consumption
  - Affordable Care Act requires Americans to have health insurance
  - High-deductible health plans offer lower premiums and higher patient responsibility
  - DIY care and telemedicine offer new alternatives to traditional care practices at a lower cost and “democratize” medicine for the masses
  - Convenience models gain traction in pharmacy space
  - Greater access to individual information to inform healthcare decisions

“A true consumer-driven market is slowly taking shape. Patients are leading the way, bearing more of the cost of their own care – and making more care decisions.”

PwC, Health Research Institute, December 2014
Pharma’s pain: challenges continue and expand

• Cost vs. value deliberations continue to impact market distribution in 2014 and now in 2015

• Rx continuation may be impacted by cost decisions as refill abandonment increases; rejections show continued favoritism to generics

• Providers in 2014 had an average practice size increase of 25 net new patients (based on 2014 Rx activity)

• Claim counts increasing for both Medicare and Medicaid in 2014 as a result of expansion of programs under ACA
Future healthcare trends will be shaped by government’s role as payer

Medicare, Medicaid, the Children’s Health Insurance Program (CHIP), and Affordable Care Act marketplace subsidies together accounted for $836 billion in government spend in 2014. $511 billion went to Medicare, with the remainder funding Medicaid and CHIP.*

*Both Medicaid and CHIP require matching payments from the states.
Health spending and consumption increase relative to expansion of access afforded by ACA

Rate of Growth for Physician and Clinical Services

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<th>Year</th>
<th>Growth %</th>
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<tr>
<td>2014</td>
<td>5.9</td>
</tr>
<tr>
<td>2015</td>
<td>3.8</td>
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<tr>
<td>2016-2023</td>
<td>7.1</td>
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However, in 2015 lower payments to Medicare Advantage plans, as well as expiration of temporary payment increases to Medicaid providers, is expected to slow growth to 3.8% for physician and clinical services.

For 2016-2023, Medicare spending on physician and clinical services is projected to average 7.1% due to more favorable economic conditions and higher enrollment in private health insurance plans.

Doctors On Business Sustainability

“I cannot accept a plan [in which] potentially commercial-type reimbursement rates were now going to be reimbursed at Medicare rates. You have to maintain a certain mix in private practice between the low reimbursers and the high reimbursers to be able to keep the lights on.”

- Dr. Doug Gerard, Internist

Quoted in Kaiser Health News, August 4, 2014

Future healthcare trends will be shaped by emerging technologies

- Glut of big data generated from new technologies will require storage, management and smart analytics
- Big data and analytics market expected to reach $125B in 2015
- Increasing need for data scientists and analytics experts to leverage value
- Digital tools in field force will generate more data to help create a data story across teams in commercial operations
- Harnessing the power of all this data to create profitable actions is key

“The digital world has been in a separate orbit from our medical cocoon, and it’s time the boundaries be taken down.”

Eric Topol, MD
Author of The Creative Destruction of Medicine
Critical to healthcare transformation is the rapid adoption of integrated IT solutions and data

- HITECH Act supports development of near real-time, interoperable health information exchanges (HIE) among a variety of health care stakeholders

- CMS is providing incentives for EHR adoption and “meaningful use”

- Private industry is pushing integrated healthcare platforms
  - Cloud, big data and mobile technologies
  - Platforms that integrate all health related data
  - Mobile apps and integrated devices to track wellness
Healthcare information is growing exponentially, offering a digital picture of each patient.

- Medical Claims
- Hospital Claims
- Disease Registries
- Demo & Socio Economic Profile
- Rx Claims
- Hospital Charge Master
- Lab Results
- Gene Maps
- Electronic Medical Records
- Internet Activity
- Physician & Practice Affiliations
- mHealth Apps
- Family History
- Media Consumption Behavior
- Employment History
- Internet Activity
- Shopper Data
- Credit History

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PHARMACEUTICAL MANAGEMENT SCIENCE ASSOCIATION
While new data holds promise, challenges persist

- Data remains fragmented and extremely complex
- Garbage in, garbage out: physicians are not good admins
- Unclear ownership and willingness to share data
- Perceptions of data value and impact
- Protecting patient privacy

“Significant challenges exist in acquiring and managing such large volumes of data, reconciling inconsistent data arriving from disparate sources, protecting patient privacy and effectively analyzing big data to create value.”

The core sources today have evolved to address the complex landscape and support new strategies

Matching the right data for the right question to gain the right insight

Knowledge, data and technology need to keep evolving, providing opportunities to enhance, optimize and expand the insights to measure and drive strategy.
Questions?