BUSINESS TALENT GROUP

MARKET ACCESS INNOVATIONS

Pharmaceutical Affordability Models

Affordability is a major concern in health and life science—and not just in the U.S. In 2018, total prescription drug expenditure in the U.S. is expected to top $520 billion;[1] 52% of Americans say bringing down the price of prescription drugs should be a "top priority" for legislators.[2] Mounting drug costs have also put huge strains on European Union health systems and, in developing countries, have contributed to a crisis in access to medicines for millions of people.

Innovative schemes have been proposed to address the issue, from re-insurance to micro-financing. Yet for individual life science companies and business units, it can be difficult to evaluate which of these approaches is most promising, and for which regional markets.

When a multinational life science company's global access and value group resolved to study the issue, it began by engaging a large strategy consultancy to conduct a cross-industry scan: how had other companies addressed similar challenges? This resulted in a shortlist of the most promising models. The next step, of course, was to merge that list with the internal research the client had already conducted—and use those learnings to create a framework for developing and implementing innovative affordability programs.

Committed to finding an approach that would keep it at the forefront of advances in the area, the SVP of Global Market Access contacted Business Talent Group.

1 Charles Roehrig, "Projections of the Prescription Drug Share of National Health Expenditures Including Non-Retail." Altarum Institute: 2018.

2 Kaiser Health Tracking Poll. Kaiser Family Foundation: March 2018.

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INNOVATION WORKSHOPS

The process for ensuring global access to life science therapies is maddeningly complex, encompassing stakeholders that range from payers, providers, and patients to commercial groups and shareholders. To make sure the client's solution addressed each of these audiences, Business Talent Group assembled a diverse team of independent experts, including:

- A clinical pharmacist and MBO who'd led the market access group at a biopharma company and served as a senior expert in McKinsey's pharmaceuticals practice
- A McKinsey-trained health analytics expert and founder of a patient-centric health advocacy start-up
- A payer expert who'd served as CFO of one of the leading payer organizations and led the Cleveland Clinic Foundation's managed health finance group
- An accomplished commercial executive with experience across multiple therapeutic areas, including general management experience in APAC, where he launched an innovative financing program for cardiovascular health
- A healthcare start-up executive and former Principal in BCG's healthcare practice

The consultants structured their work around a series of two-day workshops designed to prioritize ideas, assess their feasibility, and identify one or two models that were promising enough to pilot. These workshops were conducted in small, cross-functional groups, with client executives participating in a tightly structured process of discovery and analysis. One consultant worked with each group to guide them through the exercise, but most discussions were facilitated by the client—increasing internal alignment and deepening engagement with the problem.

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A BALANCING ACT

It's easy to lose sight of objectives when evaluating large, multi-stakeholder issues like pharmaceutical financing strategies. That's why Business Talent Group's consultants encouraged our client to outline the conditions their ideal solution would satisfy. It had, everyone agreed, to pass legal and regulatory reviews. It had to be transferable to diverse therapeutic areas. And it would, ideally, be relatively easy to implement and have material near-term impact through increased utilization.

With those criteria in mind, the consultants quickly zeroed in on amortized payments as the most promising and practical model—and held a final workshop to build guidelines for identifying when it was appropriate.

GOING BEYOND THE LUMP SUM

Amortized payments, including payment schedules or financing schemes, can address affordability concerns in situations when:

- The upfront cost to patients is a barrier to appropriate therapy use
- Payers' short-term budget constraints either prohibit coverage or have led them to prefer another, less effective agent
- A product's benefits need to align more closely with its cost, e.g., for an acute treatment course with durable benefits

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To help the client apply those principles to real therapies and regions, the consultants put together a detailed decision-making framework. In it, they outlined criteria for selecting products, countries, and payer programs that were appropriate for amortized payments. They also reviewed program design considerations—including financing, communication, and governance—along with legal requirements and program management structures. And they put together a high-level implementation plan, from building a global business case to local-level program design, deployment, and tracking.

FROM PROBLEM TO PAYMENT

Thanks to the innovative structure of the engagement—and the deep and diverse expertise that the consultants brought to each workshop—the client was able to align around a single pilot in just eight weeks. The global market access group is now using the guidelines to identify a specific market and therapeutic area in which to roll it out, working with regional partners and formalizing training tools and communications.

“We got so much value out of this engagement,” the client commented. “And we couldn't have gotten there on our own.”