



The New Health Economy

The New Health Economy represents the most significant re-engineering of the U.S. health system since employers began covering workers in the 1930s, according to PwC.

A couple of years ago, analysts at PwC noted that the healthcare industry has been slow to deliver customer-centered value. But the ground is shifting rapidly. The New Health Economy represents the most significant re-engineering of the U.S. health system since employers began covering workers in the 1930s.

The frustrations and costly contradictions of today's fragmented \$2.8 trillion healthcare system are well documented. But the ground is shifting rapidly, giving way to what PwC analysts have termed the New Health Economy.

Many of the trends addressed in this special



In the virtualized healthcare marketplace, where proximity to providers and barriers to information access is no longer a constraint, patients will be equipped to do more for themselves.

SHANKAR NARAYANAN
Cognizant

issue feed directly into the making of what the healthcare ecosystem will look like in the future, everything from the 21st Century Act to the new entrants that are disrupting the industry, and based on what we have learned the future will be based on value.

In their analysis, PwC researchers say despite breathtaking scientific achievements, the United States has a mixed record of health outcomes. Insurance coverage is expanding but millions still lack basic care. Unnecessary procedures and administrative waste account for more than one-third of spending.

Productivity gains have been modest as misaligned financial incentives have rewarded inefficiency. And the purchasers of care have no easy way to compare prices or measure the value of services they buy.

But the ground is shifting rapidly, and technological advances, empowered consumers, disruptive new entrants, and rising demand by an aging population are ushering in a new era in healthcare. PwC says while many of these trends have been emerging for some time, never before have they been accompanied by a rapid shift in dollars, triggering major changes in behavior and fundamentally altering the business.

Today healthcare revenue flows from government and employers through third-party payers, insulating consumers from true costs. In the future, purchasers — government, employers, and individuals — will direct payment to the entities providing the best value, whether it is a clinical team or a sporting goods company, a nutrition counselor, or a website.

In the New Health Economy, “patients” will be “consumers” first, with both the freedom and responsibility that come with making more decisions and spending their own money. These consumers will demand a continuum of well-being, rewarding the trusted advisers that can help achieve that.

FAST FACT



THE REVENUE

OPPORTUNITY IN THE

NEW HEALTH ECONOMY IS MUCH

GREATER THAN \$2.8 TRILLION,

ALTHOUGH MANY MORE PLAYERS

WILL BE FIGHTING FOR THEIR SHARE.

Source: PwC

In the New Health Economy, the mere collection of data will be replaced with lightning-fast analysis delivered directly to a care team that anticipates problems before they arise.

Individuals will be co-creators of their health decisions, spending more of their discretionary dollars on tools that help them live well.

In reality, the revenue opportunity in the New Health Economy is much greater than \$2.8 trillion, though many more players will be fighting for their share. In one survey by PwC's Health Research Institute (HRI), consumers indicated they are willing to spend collectively up to \$13.6 billion a year of their own money on medical products such as health-related video games and ratings services.

Defining the Future

The new health economy is characterized by the collision of two opposing forces: the rising complexity and cost of innovation and the limits on payment and patient access, says Jim Robinson, president, Astellas Pharma.

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The new health economy is what will come out of the wreckage of the previous health economy, which is rapidly self-destructing.

JEFF SEARS

Avant Healthcare

“Even as science leads us toward precision medicine, our overall healthcare system is heading in a direction where patients and providers have less control over treatment decisions, and top-down cost-cutting is undermining bottom-up innovation,” he says. “The healthcare industry has worked hard to clarify and better define quality measures in an effort to improve the delivery of healthcare and improve patient outcomes. A similar effort is needed to ensure that there remain incentives for the pharmaceutical industry to continue developing innovative medicines that, hopefully, will advance the quality of care and the outcomes for patients.”

Rhett Johnson, a consultant at Charles River Associates, says the so-called New Health Economy is really just the next chapter in removing waste from healthcare delivery by getting all stakeholders focused on defining and delivering value.

“Virtually every trend we’re observing in healthcare is driven by an insistence by those paying the bills — employers, commercial payers, governments, and consumers — on realizing value for money,” he says. “This has inevitably led to vertical and horizontal integration in care delivery and payment, pressure to identify and eliminate over-utilization, margin pressure for healthcare products provider fees, and technological advancements that result in better care for less money.”

As cost sharing increases, Michael Zilligen, president, Ogilvy CommonHealth Payer

The New Health Economy: Near-Term and Long-Term Solutions

In the New Health Economy, payers, ACOs, providers, and pharmaceutical firms have common goals of patient-centricity, outcomes, and transparency.

In the short term, firms must actively leverage digital strategies to achieve the “triple aim” of healthcare:

- ▶ Improve health outcomes by leveraging predictive analytics to detect and prevent emergencies; incentivizing members to use high performance provider networks; leveraging member’s behavioral persona to personalize incentives and improve member engagement.
- ▶ Improve patient experiences by using tools such as gamification for patient adherence and better understanding of treatment choices; presenting member-centric information presented through patients’ preferred channels in a preferred format.
- ▶ Reduce costs by establishing cost transparency across payers, providers and manufacturers through direct contracting; incentivize and shift care from in-patient to out-patient and in-home care; incentivize adoption of remote consulting and remote monitoring technologies; reduce administrative waste by building a foundational technology platform flexible enough to be integrated with emerging technology solutions for member engagement, tracking, and outcomes improvement.
- ▶ Drive personalization by payers demanding

that genomics be a part of the diagnosis protocol, that drugs in development have an associated biomarker, and that real-world studies focus on demonstrating outcomes at sub segments of the patient population.

Each of these requires a robust digital and data democratization strategy across the value chain for quick value realization.

For the long term, all healthcare entities need to restructure their business models to a true whole-person care model using a combination of value-based, virtual, and integrated care:

- ▶ Innovative business models offering an array of medical, technology and financial products, and related services that a patient can choose on-demand where risks will be shared and reimbursements will be based on the value delivered.
- ▶ A boundary free digital care model that is “more than a doctor and a smartphone,” and represents a convergence of digital, genomics, medical science and manufacturing innovations to address health problems and maintain health or get an individual to good health.
- ▶ Regulatory fixes to aid and mandate transparent payer, provider and pharma data sharing and business practices. This enables true data democratization, allowing clinical trial data to be combined with real outcomes at varied member situations to assess actual effectiveness of drugs and gaps in treatment practices.

Source: Shankar Narayanan, Cognizant

Marketing & Ogilvy Healthworld Payer Marketing, both part of Ogilvy CommonHealth Worldwide, says the New Health Economy is one in which individuals are more empowered, and the healthcare system is evolving to help patients engage to get them and keep them well.

“And there are a number of incentives driving this, from triple aim — cost, outcomes, and patient choice — to payment reform to delivery model reform,” he says. “This empowerment of individuals, the role of technology and data, and the power of choice

have altered the landscape dramatically. And this is as true for payers as it is for physicians and consumers.”

Gil Van Bokkelen, Ph.D., chairman and CEO of Athersys, agrees that the New Health Economy is going to revolve around transformational technologies that improve clinical outcomes, enhance patient — and family — quality of life, and deliver meaningful value to the healthcare system.

“Emerging technologies such as regenerative medicine, gene therapy, and novel healthcare informatics platforms have the potential

to transform the way we treat medical conditions that are severely debilitating, expensive to deal with and that dramatically affect patient quality of life and independence,” he says. “These include things like stroke, heart disease, serious inflammatory conditions, and other diseases where traditional medical ap-

proaches have not been able to provide effective solutions.”

Cognizant’s Shankar Narayanan, global head of life sciences, says in the virtualized healthcare marketplace, where proximity to providers and barriers to information access is no longer a constraint, patients will be

equipped to do more for themselves. This goes beyond insurer and provider accountability to true patient accountability.

“However, on account of the inherent complexity that requires specialized medical knowledge and experience for appropriate clinical decisions, healthcare providers will still play

Access in the New Economy

Much of the discussion around the New Health Economy is centered on pricing, payers, and access to care. For some companies, this will require a shift in culture; for others it will require refinement of current practices here and abroad.



ROB BLAZEK
VP of Network
Strategies, Rx EDGE
Pharmacy Networks

It is a consumer-centric/consumer-driven economy. Consumers are shouldering more of the cost burden, which has heightened awareness of value and outcomes. Retail health clinics, telemedicine, and other emerging technologies are empowering consumers as never before. They can get the care they want when they want it and on their own terms, often being able to choose from various assortments and combinations of providers. This is a good trend in many ways, because it makes medical care a more approachable and accessible entity. On the other hand, unless these services are integrated in some way with other delivery systems, healthcare could become even more fragmented that it is now. If there isn’t a centralized healthcare provider looking after the best interests of the patient and the patient’s overall health picture, the door could be opened for people to only get the care they want and ignore other aspects of care they may need.



SCOTT EVANGELISTA
President, Integrated
Healthcare Services,
Quintiles

The overarching healthcare market theme is one of interoperability — connecting stakeholders and information sources in novel ways to drive efficiency, effectiveness and equity in the system. Health reform continues to accelerate this transformation and can catalyze connectivity between the various players by encouraging health information technology investment, forging quality-based

payment models, and rewarding care coordination. These structural system changes are precipitating increased data sharing on the cost and quality of care. From a biopharma perspective, the window of opportunity is open to help shape the market in which they operate by adopting a new mindset to take advantage of this opportunity.



BRENDAN GALLAGHER
Executive VP, Connected
Health Innovations,
Digitas Health LifeBrands

The new health economy is the fundamental shift from selling individual products to selling outcomes at scale. But before we fully realize that shift, the industry will have to undergo the same efficiency-based trimming that happened to so many industries before us as digital tore through them (music, media, etc.). With a reported 30% — or \$750 billion a year — of health spending being waste, the first companies and services to lead the charge into the new economy will be those that prove their value by stopping the spiraling costs or removing waste.

FAISAL MUSHTAQ
President, Allscripts Payer/Life Sciences
Business Unit

We need to bring technology or make digital all healthcare settings. We’ve made great strides in physician offices, clinics, and hospitals. We need to keep pushing for comprehensive deployment of technology in home care, nursing homes, rehabilitation centers, behavioral health centers, and more. Once we accomplish that, we need to promote better transitions of care and care coordination through interoperability. All of the patient’s information cannot reside in silos and still support the transparency

that is required to reduce costs and improve quality. Without interoperability, we will still have wasteful duplication and contradicting treatments. Transparency into what is going on in the continuum of a patient’s care is required to decrease costs and improve outcomes. I would also suggest that we re-think how we approach care based on phases of life. Perhaps, in some scenarios, quality of life remaining is more important than extending life by all means. We need to give patients control over their last years.

We need to re-define the healthcare value chain to include all participants. We need to empower life-sciences and payer organizations to partner with physicians to help physicians be more knowledgeable with intelligent, context-driven systems. IT companies need to enable this by bringing the power of computing used in other industries. If we do this effectively, we can not only bring just-in-time knowledge to the physician in the practice setting, we can also present scenarios that help them, and the patient, evaluate the cost-benefit equation of treatment options to make the best choice based on the patient’s priorities.

HARALD NUSSER, PH.D.
Global Head, Novartis Access,
Novartis AG

While recent discussions of pricing and access have focused on the United States, where we offer many patient assistance programs, at Novartis we continue to also focus on how to expand access for patients in low- and middle-income countries. We recently launched Novartis Access, a unique approach to increase availability and affordability of medicines to treat chronic diseases in these regions. Some 28 million people die from chronic diseases in these countries each year, accounting for 75% of such deaths globally. This number is expected to grow, mostly due to the rapid increase of non-communi-

the role of the key decision makers in delivering care,” he adds. “This will result in a value-based economy across the value chain, where products and services will be rewarded and penalized for outcomes at an individual member level. It is an economy where payers, providers, and pharmaceutical companies make conscious efforts

in measuring and demonstrating outcomes by sharing patient information and best practices — and at the same time — collaboratively engaging stakeholders to invest educated efforts in contributing to treatment decisions, adhering to treatment regimens, and adopting healthy behaviors.”

Mr. Narayanan adds that another defining characteristic of the New Health Economy is greater personalization of medicine and broader healthcare.

“The revolution in genomic sequencing is making personalized healthcare a reality especially in oncology,” he says. “Today, 70%

cable diseases in poverty-stricken areas. While more discussion is required to arrive at solutions that will address pricing and access in the world's developed economies, we can not ignore the needs of the world's poorest patients.



DAVID ORMESHER
CEO, *closerlook*

The new health economy is best characterized by a massive shift in risk from insurance and government to providers and patients, or from those experienced in managing risk to those who don't have a clue. Providers are now financially accountable for outcomes, and patients more directly bear the costs of achieving those outcomes. To be successful, the New Health Economy will see a rebalancing of risk/reward led by incentives to proactively keep people well. But first we need a way to close the lifestyle behavior feedback loop. Technology will do that through pervasive wellness monitoring and personalized nudging, starting with chronic illnesses but eventually extending to everyone.



BRIAN OVERSTREET
CEO, *Advera Health Analytics Inc.*

The New Health Economy will rely on broad datasets to better monitor, control, and mitigate patient risks and system costs. Data will drive healthcare the same way data drives the financial markets. While stories about out-of-control drug and medical care costs have dominated the news cycle in 2015, those anecdotal stories are just the tip of the iceberg. As more data come to light, there will be even more pressure to control costs and patient care through better data-driven decisions.

The challenge in the New Health Economy is how we create incentives to control costs and mitigate risks in order to ensure the best possible care for patients.

We need to stop talking about the promise of big data and actually start working on how we extract actionable intelligence and meaningful conclusions from those data. Doing so will require more and better analytic tools, technology advances, and better processing power. It's time for the panel discussions to end and the actual hard execution work to begin. It is also time for the government to become more involved in insisting that all aspects of a drug's life-cycle are taken into account, particularly drug safety. Medicaid and Medicare can alter their policies to insist not only on a full review of postmarketing safety data but also require action to be taken if a drug's safety profile is less optimal than another. Patients have to foot the bill for increasingly high cost medications, so they and their providers should have full insight into all aspects of that prescription.

It's time for a universal discussion about drug pricing and medical care costs in this country. Stories of drug prices rising 5,000% overnight are shocking, but they belie the complexity of the issue. Research and development costs continue to spiral out of control. The economic risk that biotechnology and pharmaceutical companies must take on to develop new medicines is increasing exponentially. While it's easy to blame big, bad pharma for increasing costs of care, they're not solely responsible. This is a systemic problem that needs the buy-in of government, private enterprise, health providers, and patients. People and companies need to take risk to develop new products and deserve to be rewarded when that risk turns into success. One of the best ways to control those risks and reduce the cost of developing and deploying new medications is through better data collection, management, and analysis. Any broad discussion on cost containment must include a focus

on how better data analytics can help achieve those goals.



MATTHEW REANEY
Senior Scientist, *ERT*

As the medical community moves toward individualized and tailored therapeutics, and pharmaceutical companies are increasingly opting into risk-sharing agreements with payers, it is important to understand the patient journey with a medication, as well as the goal of that medication. Collecting regular clinical outcome data in pharmacotherapy development programs allows an understanding of the true impact of the medication in that context.

This in turn allows for more targeted prescribing, but also for appropriate expectation setting by treating physicians in clinical practice; if the patient journey does not match expectations, then adherence is likely to be poor. In addition to the use of frequent data collection to understand and prescribe medication optimally, there may be other hypotheses that can be generated from the data which can prompt future research for all stakeholders. I expect to see more of this in the coming year.

NOAH SPRING
Creative, *Fingerpaint*

Every economy has its currency, and the currency of the New Healthcare Economy is value. While the shift away from volume-based incentives is widely acknowledged, what is less clear is exactly how pharmaceutical brands should calibrate their marketing and communications efforts to accommodate the continuous unfolding of the Affordable Care Act (ACA). While Obamacare may

Access in the New Economy *(continued)*

feel once removed from the fusillade of everyday tactics, this value revolution provides an opportunity — and a challenge — for astute brands to redefine the problems they solve, not just in clinical terms, but in financial and operational ones as well. Brands that can articulate their ultimate value in these contexts — in other words, those that are fluent in value — will establish themselves as the “brands of tomorrow.”



MARK STEVENS
Senior VP, Strategy
and Commercial
Effectiveness, Publicis
Touchpoint Solutions

The best way to define the new health economy is defining the move of focus from a customer to the consumer. The age of payers and providers will take a back seat and now the patient will be front and center of the economy. More now than ever before the patient will have the liberty to choose the payer, provider, product, and price. The price in the new economy will be based on outcomes of patient response to treatment. In simple terms, the new economy will be all about “value.” One can also expect to see the growth of CDx or companion diagnostics as more value is placed on outcomes. In knowing which drug the patient might respond to and which price the patient can choose to pay and which insurance company they can sign up with and which healthcare provider

they can decide to use, the economy is presenting a marketing challenge of working with “a segment of one” — the patient as the consumer.



GIL VAN BOKKEKEN, PH.D.
Chairman and CEO,
Athersys

With the unprecedented demographic transition we are now experiencing, and the global expansion of the elderly population over the next several decades, we need to be incentivizing new solutions. This is what is happening in countries like Japan, where policy makers have recognized they have a big problem, and they have been taking concrete steps to incentivize the expedited development of novel solutions. Two years ago they created a new regulatory framework to stimulate development of regenerative medicine treatments, and it's already having an effect. There are things we can improve and streamline with our regulatory and reimbursement systems while also ensuring patient safety. This will drive investment and accelerate the development and delivery of safe and effective new medicines. Ensuring patient safety is paramount, and industry is working collaboratively with the FDA and policy makers to help ensure that goal is maintained, while also helping to speed up the development of novel medicines for serious unmet medical conditions. I'm optimistic about the future.

of all lung cancer patients start their diagnosis with a genomic test. This understanding of the heterogeneity in diseases will foster greater personalization. One third of all drugs in development today have an associated genomic or proteomic biomarker.”

Paul Darling, Ph.D., principal at ZS, believes healthcare is transforming into an “optimization economy,” a market in pursuit of the highest value care in an era where compromises between quality and cost are inevitable.

“This new frugal economy has emerged in response to the recent era of excess in healthcare,” he says. “For decades, costs escalated without bounds, due in large part to the perverse incentives inherent in a fee-for-service healthcare model. Hard to explain, however, are the high rates of preventable illness and

chronic disease that have coupled high costs throughout this period.

“In the optimization economy, healthcare players must trim excessive spending and unnecessary care out of the system,” he continues. “Simultaneously, they will be incentivized to deliver more holistic, integrated care to improve patient outcomes or population health. All businesses that operate in this new economy must find their own value apex and strike an optimal balance between improving quality and reducing cost for their customers.”

Jamie Powers, Dr.PH., senior industry consultant, health care and life sciences, SAS, agrees that the new health economy will be laser-focused around value to patients.

“We are already seeing early signs of it today, and I think we will see more of this in



Virtually every trend we're observing in healthcare is driven by an insistence by those paying the bills — employers, commercial payers, governments, and consumers — on realizing value for money.

RHETT JOHNSON
Charles River Associates

the years to come,” he says. “Within the construct of a health economy providing value, this will make controlling costs more productive. I suggest that we use the term value more often going forward instead of frugality or spiraling costs.

“In the spirit of delivering value-based care and products that support that mission, do we really understand the patients as well as we think we do?” Mr. Powers asks. “I'd like to see even more real-world setting studies where we study a patient's experience with some reasonable parameters but not as stringent as typical randomized controlled trials. Once we really understand the patient, the delivery of care and all the products that support it can be analyzed more intensely.”

According to Jeff Sears, executive director, Avant Healthcare, the New Health Economy is what will come out of the wreckage of the previous health economy, which is rapidly self-destructing, and that no one can accurately predict what the New Health Economy will include.

“But we do know that the payer landscape is shifting, the government is becoming more hands-on, evidence and outcomes will rule the day, patients are becoming more educated and involved in their own healthcare plans, and provider power is becoming diffused,” he says. “An aging patient population and chronic disease will place increasing stress on the system, requiring care consolidation and collaborative

therapeutic initiatives for appropriate patient care.”

Faisal Mushtaq, president Allscripts payer/life sciences business unit, agrees that the New Health Economy needs to control costs while effectively caring for an aging population that is growing exponentially.

“Our health system is the most costly in the world and not necessarily providing the highest quality of care,” he says. “I would add that we need to do more than just slow the growth of healthcare costs; we need to shrink it as a percentage of GDP. Our health economy is inhibiting the rest of our economy to grow. We need to develop processes to deploy our resources more effectively, not just control costs, while reducing healthcare contribution to the national GDP. We also need to consider not just cost today for a treatment, but the ROI of a treatment across time. For example, some new personalized pharmaceutical treatments may have higher upfront costs, but a greater

quality of life and lower costs across time. This type of analysis is not something the industry does very effectively today. IT companies should become active enablers of the health-care ecosystem.”

Improving the System Near- and Long-Term

In the near term, Mr. Zilligen says the industry needs to think beyond the pill.

“Today’s new world order requires us all to change our perspective, from traditional brand marketing to one that is service-oriented and value-based,” he says. “An approach that provides an unmatched customer experience that enables patients to access services leading to improved quality of care and outcomes is what is needed. Leveraging real-world evidence will help inform the decisions required to ultimately change the behavior of multiple stakeholders in the system.”

In the short-term, Mr. Robinson says, the pharmaceutical industry can play an important role in establishing stronger relationships with key stakeholders across the health-care landscape.

“We can do a better job of listening to the voice of our payers, our providers, and our patients early in the drug development process to ensure we have the right value measures and value proposition in

place when we bring an innovative medicine to market,” he says. “At Astellas, for example, we are already collaborating with one of our key payers to bring together researchers and healthcare experts to reduce inefficiencies in the management of oncology, urology, and immunology conditions.”

The low-hanging fruit for most players, Dr. Darling says, will be to trim operational inefficiencies that already negatively impact their bottom lines. Also in the near term, health-care funders are imposing new reimbursement models on providers to reward high-value care, rather than high-throughput care. As providers become more value conscious, they will turn to manufacturers and service providers who offer the best balance between quality and cost in their existing offerings.

“Over the long term, all stakeholders in the healthcare supply chain must engage in developing higher-value products and better infrastructure for value delivery,” he says. “One of the biggest barriers to the realization of high-value healthcare is that we do not effectively collect, store, analyze, and share data to drive informed and rational decisions around care. Our current system is ill equipped to determine the true value of treatments and services, especially over the long term. To improve the health of our population, healthcare stakeholders must collaborate to track and reward valuable care over a longer time horizon.”

Joe DePinto, president of Cardinal Health Specialty Solutions, believes that pharmaceutical manufacturers can begin building their “value story” early in the product development lifecycle. Rather than focusing simply on clinical research to demonstrate safety and efficacy, manufacturers should consider how they can demonstrate that products deliver better outcomes and reduce total costs of care for patients and payers over the long term.

“Health economics and outcomes research (HEOR) and patient-reported outcomes will become essential tools for driving this change, both in the development phase for new products and retrospectively for existing products,” he says.

On the clinical front, Ibraheem (Ibs) Mahmood, president and CEO, DrugDev, says despite advances in technology, clinical trials continue to escalate in complexity and cost. Study sponsors are businesses, not charities, and therefore cannot afford to test every viable drug candidate given unfavorable economics, which means potentially life-saving treatments are not reaching patients who need them.

“Fortunately, our entire industry is passionate about changing the situation,” he says. “To do so, we need to standardize on collaborative and beautiful technology that goes beyond the incremental improvements



Healthcare is transforming into an “optimization economy,” a market in pursuit of the highest value of care in an era where compromises between quality and cost are inevitable.

DR. PAUL DARLING
ZS



Even as science leads us toward precision medicine, our overall healthcare system is heading in a direction where patients and providers have less control over treatment decisions.

JIM ROBINSON
Astellas

to specific processes we see today and instead fundamentally transforms how clinical trials are run from planning through closeout. We need to aspire to a world in which clinical trial doctors can use one piece of software to guide them through what they are supposed to do and when, from legally signing up to the trial, right through to patient visits; from being paid for their work, to finding the trial in the first place. All should work through the same portal that runs their clinical trial life and seamlessly connects the investigators to everyone they need to work with across the pharmaceutical industry.

“Nobody has this type of clinical trial operating system today, despite the fact that everyone in the industry seems to want it,” Mr. Mahmood continues. “Technology vendors need to partner with customers and the academic research community to come up with pragmatic approaches to achieve this goal. By focusing on collaboration, standardization, and providing sites with a beautiful technology experience, we believe our sponsor and CRO customers will be able to improve the system in the near term enabling them to do more trials and bring more helpful treatments to patients around the world.

Mr. Johnson says to achieve better value, the industry needs to define what value looks like, and it needs to measure how effectively it is being produced.

“For example, we need to establish clinically driven standards and guidelines for providers, measure whether providers achieve the standards, and then make those standards transparent to payers and patients will allow measurable quality, in addition to price and instead of vague notions of quality such as reputation, to become a basis of competition for provider services,” he says. “Similar outcomes standards could be applied to healthcare products and other emerging technologies. But the first step is to define what quality or outcomes payers, broadly defined — employers, governments, consumers, etc. — are interested in paying for and figuring out how to measure them.”

As stakeholders become more interconnected and patients become more savvy healthcare consumers, Scott Evangelista, president, integrated healthcare services, Quintiles, says biopharma companies must continue to look holistically at patients by incorporating educational areas such as diet, exercise and health screening to focus more on health and building consumer communities to drive better patient and population outcomes. Programs that empower patient consumers with more accurate and reliable information about their diagnosis, treatment, and outcomes will enable consumer-driven healthcare to thrive, ensuring that the right patient receives the right drug at that right time, for the right duration of care.



Within the construct of a health economy providing value, this will make controlling costs more productive. Let's use the term value more going forward instead of frugality or spiraling costs.

DR. JAMIE POWERS
SAS

In the longer term, Mr. Johnson says payers, whether they may be the consumer, a third-party payer, or an at-risk provider, need to be empowered to make outcomes-based decisions. He says this can be accomplished through a combination of greater transparency and placement of value judgments in the hands of the ultimate payer.

“Value-based care models that expose providers to the costs of the care they recommend are an early attempt to ensure the decision-making and payment roles are aligned in a single organization,” Mr. Johnson says. “These models need to expand and mature and be nurtured with better information.”

Mr. Robinson agrees that the industry's pharmaceutical companies must find ways to put value into the system instead of just taking costs out.

He adds that this can only happen when stakeholders across the healthcare system are committed — over the long-term — to shaping new payment models and incentives together to ensure quality healthcare and deliver value to patients.

“As a foundation, all of us need only to look at the many partnerships already established across the country where models that positively impact patient outcomes while bringing value to the healthcare delivery system are being created,” Mr. Robinson says.

Mr. Zillgen suggests that there needs to be a focus on customer engagement.



The New Health Economy is one in which individuals are more empowered, and the healthcare system is evolving to help patients engage to get them and keep them well.

MICHAEL ZILLIGEN
Ogilvy CommonHealth Payer
Marketing & Ogilvy Healthworld
Payer Marketing

“A recent example is ACO requirements for engagement where some measures include receiving timely care, health education, and shared decision making,” Mr. Robinson says. “All of which require or accelerate the need for greater engagement. And true innovation is what will make this possible; innovation on how we integrate services with all stakeholders in the healthcare system; innovation in data capture and analysis; and innovation in the payer, patient, and provider solutions to enhance this engagement, ultimately to improve outcomes.”

Dr. Van Bokkelen says there is a need to simplify and streamline the reimbursement systems.

“We need to address the fundamental problems in the intellectual property systems to create meaningful incentives for innovators — and investors — that willingly take on the risk, cost, and years of development effort to generate, test, validate, and ultimately deliver safer and effective treatments for patients,” he says. “Right now it's a very complex and conflicted system, with minimal data sharing across constituencies. This impedes the ability to create new, more effective technologies and solutions, and ultimately, that is bad for everyone.” **PV**

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