

Managing MANAGED CARE

The managed-care market is a constantly evolving and dynamic arena, fielding a well-informed and financially savvy salesforce is paramount to success

BY DEBORAH RURIANI



PHARMACEUTICAL COMPANIES FACE A MAJOR CHALLENGE: recruiting and training sales reps for their managed-care business. Today, there's much more to courting managed-care companies, let alone gaining a contract and keeping it.

"I have been in this business since 1987, when our focus was staff model HMOs and long-term care," says Ed Szostak, PDI Inc.'s VP of managed markets and trade relations. "Before, it was pretty straightforward about how we went out and got the business. But today, with the complexity of pharmacy benefit managers and insurance companies intertwining, the dynamics of the market are changing."

Good managed-care account management has two tiers — those at the national account level — the people who call on managed-care organizations and who are charged with getting their company's products on the formulary and the managed-care sales rep, whose job it is to get that product pulled through.

These sales specialists, on both levels, have to approach their managed-care clients more like partners — providing patient education on therapy or adherence to therapy. Pharmaceutical companies need to field highly trained, financially savvy account managers to interface with managed-care companies. These account reps need to be as comfortable dealing with clinical subjects and profit and loss as they are with marketing their product.

Some companies undoubtedly are more savvy than others when it comes to interfacing with their client base. According to a recent Scott-Levin study, medical directors, who are key managed-care decision-makers, named GlaxoSmith-Kline as the top pharmaceutical company for overall service.

Jack-of-all-trades

Managed-care account reps have arguably one of the most important jobs in the pharmaceutical industry, and it is imperative for pharmaceutical clients to train these specialists to navigate an ever-changing landscape. Managed-care reps are required to be a jack-of-all-trades and master-of-all.

Mr. Szostak puts it in simple terms: "A \$4 billion pharmaceutical company could have an account manager with a \$350 million customer. If the manager has a bad day and makes a poor decision on a contract or its terms, and there's another product out there that could take its place, he or she could lose \$20 million for the company."

Managed-care reps need to be aware of, and have a thorough knowledge of, the reimbursement system and the way it works to apply the proper account management strategy. According to industry statistics, about 90% of HMOs now use formularies — the list of prescription drugs approved for insurance coverage. Drugs are selected principally on the basis of therapeutic value, side effects, and cost. Formularies range in restrictiveness from open, with both listed and nonlisted drugs

MANAGED CARE:

GlaxoSmithKline and Pfizer Score with Medical Directors

- 1 GlaxoSmithKline
- 2 Pfizer
- 3 Aventis
- 4 Merck
- 5 AstraZeneca
- 6 Pharmacia
- 7 American Home Products
- 7 Novartis
- 9 Bristol-Myers Squibb
- 10 Eli Lilly

Source: Scott-Levin's Spring 2001 Managed Care Medical Director Promotional Audit

Managed-care medical directors named GlaxoSmithKline the top pharmaceutical company for overall service, according to the Spring 2001 Managed Care Medical Director Promotional Audit from Scott-Levin, Newtown, Pa. The semiannual audit monitors the pharmaceutical industry's promotional, educational, and clinical activities aimed at medical directors, who are key managed-care decision-makers. Medical directors assess pharmaceutical companies that meet their needs in five areas: clinical objectivity, value-added services, disease management programs, knowledgeable reps, and overall service.

In its first appearance in the audit, GlaxoSmithKline was ranked No. 1 by medical directors in both the overall and value-added service categories. The company made the third-highest number of contacts to medical directors in the spring. Respondents praised GlaxoSmithKline for its outstanding managed-care reps and for providing clinical support. One medical director said the company "provides financial support and actual programs that are easily integrated into our disease state management programs," while another complimented the company's ability to "help with issues that improve care and enhance the bottom line."



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JENNIFER GULBRAND



reimbursed, to closed, with only listed drugs reimbursed.

Springing from this trend toward managing drug benefits, say analysts are pharmacy benefit managers, or PBMs, which focus on lowering the cost of drug therapy, while maintaining therapeutic standards of care. PBMs, which were virtually nonexistent until the late 1980s, evolved from insurance claims-processing and mail-order prescription companies. PBMs now provide managed-pharmacy benefits for about half the insured population in the U.S.

PBMs manage pharmaceutical care only, marketing their services to employers, insurance companies, managed-care groups, and Medicaid. There are about 40 PBMs in the U.S. today, with the top five companies accounting for more than 75% of the market.

Building relationships

"Today, selling pharmaceuticals in the managed-care marketplace is about information gathering and relationship building," says Jennifer Gulbrand, managing partner and chief operating officer of Informa Training Partners. "It's also about getting across the clinical features and benefits of a product as well as its cost implications." These trends affect all pharmaceutical sales professionals, including field sales representatives, sales managers, and account managers.

"Due to the increasing prevalence of managed care, field-sales representatives must gather information and build relationships with both physicians and office staff members, including nurses, business managers, and

receptionists," Ms. Gulbrand says. "Because of managed care, there are a lot of administrative details that physician offices must handle, and these impact everyone in the office."

"Receptionists and business managers must continually handle insurance paperwork, nurses must field calls from pharmacists requesting prescription switches, and physicians are

often encouraged to practice according to plan guidelines and formularies," she says. "Reps who can understand what physicians and their staffs are dealing with and how they can potentially help them, are going to be appreciated."

The worst thing a rep could hear during a sales call used to be, "not on the formulary." But merely having the drug on the formulary is just the first hurdle on the way to getting scripts filled. Even if a drug is on the formulary, getting it pulled through can be difficult, especially for those reps not versed in the ways of managed care.

"In addition to calling on physicians and their staffs to gain information and build relationships, field reps also can learn about their marketplace by calling on local retail pharmacists," Ms. Gulbrand says. Pharmacists can

GLAXOSMITHKLINE Generates the Most Contacts and the Highest Ratings to Managed-Care Pharmacy Directors

GlaxoSmithKline generated the highest ratings for its contacts among the corporations most actively promoting to leading managed-care executives during the second quarter of 2001, according to a Cognet-X Inc. report.

According to the results of Cognet-X's PAR-Rx (Promotional Assessment Research) Report, GlaxoSmithKline received the highest overall quality-of-call rating among the 11 corporations that generated more than 75 contacts.

For all of the second-quarter contacts GlaxoSmithKline made to PAR-Rx panelists, the company received an overall quality-of-call rating of 8.5 on a 1-to-10 scale (1 being "poor," 10 being "excellent").

Close behind GlaxoSmithKline were Aventis AG and Merck & Co., which placed second and third, respectively, in terms of their call-quality ratings. Aventis placed ninth in total contacts, Merck second.

Other corporations that garnered overall quality-of-call ratings above 8 included Pharmacia, Novartis Pharmaceuticals, Abbott Laboratories, and AstraZeneca. Corporations receiving ratings above 7 included American Home Products, Johnson & Johnson, Bristol-

Myers Squibb, and Pfizer. The overall quality of call is one of 15 individual account-manager/personnel-assessment categories on which PAR-Rx panelists rate corporations, company divisions, and their respective managed-care account executives every quarter.

GSK, for example, received its highest second-quarter assessment rating for level of rapport. Given that successful account personnel build strong interpersonal relationships, the rapport attribute can be viewed as a leading gauge for corporation success in the managed-care arena.

Aventis scored equally well for several attributes: communication skills, dependability, and honesty. Panelists also gave Aventis comparably high marks for its account personnel's knowledge of managed care.

Pharmacy directors tell Cognet-X that they respect pharmaceutical company personnel who understand the complexity of the dynamic managed-care marketplace.

PAR-Rx panelists gave Merck strong ratings for accountability, communications skills, and dependability.

MANAGED CARE marketing

share information on how prescriptions for products are filled and reimbursed by different plans. Knowing this information can help representatives better target their sales messages to their customers.

A changing market

The three-tiered co-pay is another example of how the managed-care market has changed. For example, patients are being charged \$5 or \$10 for a generic, maybe \$10 to \$15 for a brand, and \$25 to \$35 for a non-formulary product.

Jeff Kanis, VP of pharmaceutical services sales at NDCHealth agrees that account managers have to be on top of co-pay issues.

"One of the fastest-growing consulting services is in the area of co-payment information," Mr. Kanis says. NDC started providing prescription payment information in 1997 with its Managed Care Monitor and Source Payer. Now the company provides the Managed Care Analyzer and the Navigator, a tool for effectively assessing the business potential of a managed-care organization, which account managers can use before negotiating a contract.

"The managed-care portion of our business is growing very rapidly, and represents the largest chunk of our business within the pharmaceutical manufacturer segment," Mr. Kanis says. "Our clients not only want the data, but also an explanation behind the data so managers can make better decisions in their managed-care contracting and how they approach managed-care organizations as a whole."

Among the challenging opportunities that account managers face in MCO contracting, according to Mr. Kanis are: demonstrating the clinical value of their product and its efficacy in producing positive health outcomes as compared with a competitor's product. This includes the ability to elaborate on the advantages of their product by patient type and disease state. Also critical is the financial concern — how much of a rebate should be offered for each product or bundle of products.

Because account people need to analyze data dealing with prescription sales and three-tiered co-payments, as well as creating rebates for contract negotiation, they require an exceptional understanding of finance.

"The account managers have become an extension of finance," Mr. Szostak says. "They must understand profit and loss, their own company's financial position, as well as the position of the MCO they are calling on — and they have to be effective contract negotiators. Somebody can be a great account manager but if they can't sell the concepts internally within their organization, their ideas will fall on deaf ears. So not only does the account manager have to sell externally, but also internally to their own company."

The account manager also must have a thorough knowledge of the products being sold and about the market in general, and have suggestions for value-added programs from the clinical side. They need to be well-versed in pharmacoeconomics, disease-state management, and outcome type programs.

"For example, clinical education services that drive the product through to the patient are important," Mr. Kanis says. "This includes literature that educates on the disease state and literature that talks about the product and how it can produce better health outcomes. Sometimes pharmaceutical manufacturers will provide MCOs with case managers to help educate their patient population."

In a recent survey from Scott-Levin, 59% of managed-care pharmacy directors said value-added services reduce their overall costs.

"These are real challenges for the account manager," Mr. Kanis says. "Account managers have to become adept at communicating the clinical value of the product and its efficacy in producing positive health outcomes versus the competitive product. This includes the ability to elaborate on the advantages of their product, by patient type and disease state, including outcomes, which drives the product through to the patient."

Training is key

What this all comes down to is increased demands on the account person, requiring pharmaceutical companies to provide better training at the



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JEFF KANIS



"The hard part is the transition to the other side of the desk — to think about pharma rather than HMO," Mr. Szostak says. "This has been done successfully with Pharm.D.s who come from large HMOs. These people come into the fold of big pharma and are able to adapt and be very successful."

Mr. Kanis says training is essential and the company must ensure that before the

account-management level. Pharmaceutical companies need to provide integrated orientation programs that cover key managed-care issues, providing new reps with a grounding in corporate mission/vision, corporate values, strategies, and customer focus.

Tap Pharmaceuticals' has gotten the message. "I don't think there's any company that is more committed to the managed-care opportunity than Tap," says Chris Compisi, national sales manager for managed care for Tap Pharmaceuticals.

In keeping with its commitment to this sector of the industry, Tap has launched a managed-care training initiative that funnels from management to field sales, Mr. Compisi says.

The company has invested in extensive training for its managed-care management group both at the account-manager level and at the sales-rep level. "If a company can't pull a contract through, it isn't worth the paper it is written on," Mr. Compisi says.

Tap recently launched an interactive CD detailing its managed-care initiative. "Our goal is to establish a strong understanding of the underlying principles of managed care so that no matter what the physician's objection may be, reps have at their fingertips the knowledge that will enable them to drive sales."

For Mr. Szostak, the challenge is to build an effective managed-care accounts group for the sales and marketing company PDI. Until last February, Mr. Szostak was VP of national managed-care health at Novartis Pharmaceuticals. His initial task after starting at PDI was to put together a team to market the division's first product, Ceftin tablets and suspension, which GlaxoSmithKline had outsourced to PDI. In November 2001, PDI announced that it had reached agreement with GlaxoSmithKline to terminate the Ceftin distribution agreement effective Feb. 28, 2002.

Mr. Szostak's group would have been responsible for the managed-care account

management to ensure that the product gained reimbursement at key insurance companies and PBMs.

On the account-management side, Mr. Szostak says anyone going into this field ideally should be a district manager, or someone with three to five years pharmaceutical sales experience. "Companies really don't want to put a new sales representative in a job like this," he says "Good candidates also come straight from the HMO. These people would fit in very well, understanding a pharmaceutical company's needs in this area."

But while medical directors and pharmacist directors from a managed-care company have a thorough knowledge of the sector, Mr. Szostak says they, too, need some acclimation.

account manager goes into the field, they have the key requirements:

- Knowledge of products, competitive products, and their product's clinical and financial advantages versus competitor products.
- Understanding of the MCO's priorities and focus for the year. For example, if an MCO is focusing on cardiovascular disease or women's health, the manufacturer must position its products to meet the MCO's needs.
- Ability to disseminate the right information that the MCO wants communicated to its prescribers. For example, what tier of the formulary a product is on.
- Ability to serve the MCO by providing value-added programs, including "pull-

DISEASE-MANAGEMENT PARADIGM Future Driver of Managed Care

Percent of HMOs that have implemented disease-specific management programs

ASTHMA	57.4%
Diabetes	50.0%
Congestive heart failure	23.3%
Breast cancer	20.5%
Depression	17.4%
Hypercholesterolemia	17.4%
HIV/AIDS	15.1%
High-blood pressure	13.2%
Peptic ulcer	8.9%
Prostate cancer	5.4%
Osteoporosis	3.9%
Allergic rhinitis	2.3%
Arthritis	1.9%

Source: PhRMA, Interstudy, Interstudy Competitive Edge: HMO Industry Report, 1997, and Friedman, Billings, Ramsey & Co. Inc.

Disease-management programs are used by managed-care organizations to control costs while improving health outcomes. According to analysts at Friedman, Billings, Ramsey & Co. Inc., more than half of all HMOs now incorporate disease-management programs into healthcare. Under a typical program, a single healthcare provider is responsible for the entire range of services needed by a patient and tries to monitor and coordinate physician-office visits, hospitalization, emergency-room visits, medical tests, the use of supplies, and patient compliance through the use of an integrated information system.

through” or providing literature that educates patients on disease states and/or product use.

- Ability to provide pricing — the ability to provide good product pricing relative to the Average Wholesale Price and Wholesale Average Cost as well as rebates and incentives.

“No one is an expert in managed care but we have to be students of the business,” Mr. Szostak says. “If you are not a student, you will get passed by.”

One company providing account training management is Informa Training. Ms. Gulbrand says the company was founded just three years ago. Informa offers numerous self-study and workshop programs that train field-sales reps on the basics of managed care and how to best approach their customers in the managed-care environment.

“Today’s sales managers must be able to coach their sales reps effectively and integrate marketplace knowledge with their coaching and business planning activities,” Ms. Gulbrand says.

Informa offers two workshop series that fulfill this need: the Sales Manager Marketplace Workshop Series and the Management Development Workshop Series.

Just as managed care has changed the way field sales reps and sales managers do their jobs, it has also had a major impact on the way account managers approach their accounts.

“Account managers must understand how quality, market share, and financial pressures affect every decision made by an MCO,” Ms. Gulbrand says. “To build strong customer relationships, account managers must understand these three pressures from the viewpoint of their accounts and be able to respond with solutions that help alleviate those pressures.

“The managed-care marketplace is a constantly changing and dynamic environment that pharmaceutical sales professionals need to understand if they are to succeed,” she says.

Good management-training programs should cover all the basics — from understanding the financial pressures affecting the MCO to understanding disease management and identifying opportunities for value-added services as well as how accreditation from the National Committee for Quality Assurance and HEDIS impact MCO customers. HEDIS, which is supported by the NCQA, is a set of standardized performance measures designed to give purchasers and consumers the information they need to compare the performance of managed-healthcare plans.

The MCO view

Financial pressures affect almost every decision an MCO makes regarding pharmaceuticals. To build strong customer relationships, account managers must understand these financial pressures from the viewpoint of their MCOs and be able to respond with solutions that help alleviate those pressures.

Bryna Elder, Cognet-X’s marketing and communications strategist, says there is a definite trend in which top-tier pharmaceutical companies are taking the initiative to provide total portfolio management.

“Instead of just coming in to talk about a particular product or brand, sales reps are doing non-product specific calls and it is during those calls that reps talk about how they can better serve the client and partner for the long term,” Ms. Elder says.

Based on responses she has received through the Cognet-X Promotional Assessment Research Report (PAR-Rx), Ms. Elder says an account executive’s knowledge of managed care is vitally important to pharmacy directors.

“One thing that comes through time and time again with the companies that ranked best in that category is that not only did they have knowledge of the market, but they were politically savvy about the marketplace and they knew how to maneuver,” Ms. Elder says.

The pharmacy side

According to Merl Fossen, director of pharmacy affairs at the Academy of Managed Care Pharmacists, the academy has developed a format for formulary submissions — a tool that the managed-care pharmacy director uses to pull together all the useful clinical and pharmacoeconomic data that enables the PNT committee to make evidence-based decisions for their covered populations.

“Developed by the academy in the last year

or so, the format looks at all the information that will be put out by a drug company related to a drug account — there is a template the drug company uses to put together a formulary kit. It lays out what should be included in the formulary kit, guidelines for the use of the drug, the product, and the drug’s clinical and economic value and overall costs.”

Mr. Fossen says the kit is a template or guide and is not meant to be a mandate or a standard and does not claim to establish a standard of practice for managed care.

“All the industry scientists and consultants can submit information on a product’s impact on indirect or non-medical costs, allowing them to demonstrate the broad value of their products,” he says. “This gives the managed-care pharmacists data that were not available in the past. For example, off-label uses of the product and unpublished studies.”

The steps taken by every group involved in the managed-care business seek to ameliorate the process of ensuring that everyone — from the sales rep, to the physician, to the pharmacist, to the MCO — is properly informed. Only with access to the data, and knowledge of what that data mean, can relationships be formed — relationships that will ensure not only a product’s addition to the formulary, but its acceptance within the healthcare industry. ♦

PharmaVoice welcomes comments about this article. E-mail us at feedback@pharmalinx.com.

Experts on this topic

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MERLE FOSSEN. Pharm. D., Director of Pharmacy Affairs, The Academy of Managed Care Pharmacy, Alexandria, Va.; AMCP is the national professional society dedicated to the concept and practice of pharmaceutical care in managed healthcare environments

JENNIFER GULBRAND. Managing partner and chief operating officer, Informa Training Partners, Walpole, Ma.; Informa Training Partners, a subsidiary of Nelson Communications Worldwide, develops pharmaceutical sales training programs that integrate clinical expertise, selling skills, and managed-care marketplace knowledge

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