

Assessing the Business Impact of Comparative Effectiveness

With so many fast-moving developments in healthcare, pharmaceutical companies are hungry for ways to stay a step ahead of the curve to gain competitive advantage.

The increasing use of comparative effectiveness research practices such as Health Technology Assessment (HTA) is emerging as one of the policy issues that could have a significant effect on every link in the product development chain, from R&D and approvals to marketing and contracts, particularly those involving pricing based on risk-sharing. So when one of the world's largest pharmaceutical companies needed insights into how large-scale adoption of comparative effectiveness models in the US could affect its core business strategy, they looked to Quintiles.

Challenge: How to Know What's Next?

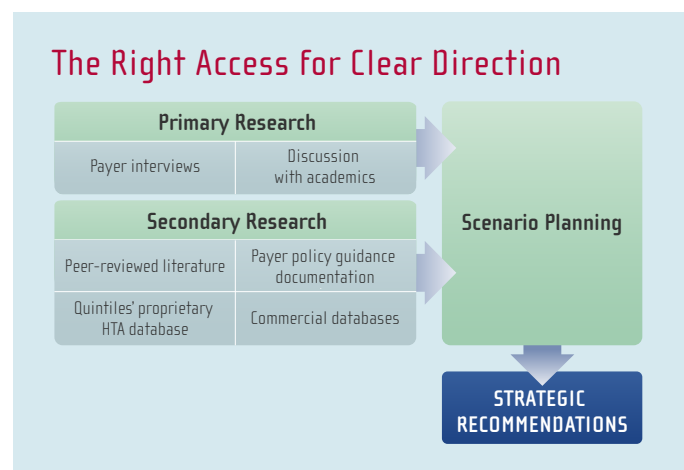
While comparative effectiveness is widely adopted in Europe, it is only in its infancy in the US. But with the rising cost of healthcare, interest in comparative effectiveness is growing as the government and US companies are looking to keep spending in check.

Our customer's challenge was twofold. They already had a strategy in place for addressing comparative effectiveness, but they needed a clearer sense of the likelihood that it would be embraced in the US. Second, they needed to know how it would impact the primary stakeholders in the US multipayer system — private payers. Which payers would be most likely to react to comparative effectiveness research? Their response would largely dictate the impact on the company, especially in terms of clinical trial design, pricing and contracting strategies for new molecule development. Our customer needed to be prepared for a wide range of scenarios and recognize when certain scenarios were beginning to unfold so that they could act quickly.

Because many payers, insurance companies in particular, are reluctant to discuss issues such as comparative effectiveness with pharmaceutical companies, our customer faced significant obstacles to getting the intelligence they needed to set the right strategy for the future.

Solution: Look Under Every Stone

We started by conducting exhaustive secondary research to generate a composite view of the current state of comparative effectiveness research around the world and in the US. Our research examined opinions and publications from leading healthcare industry experts, academic viewpoints and perspectives from other industries, as well as current global public health agency policies. The US Agency for Healthcare Research and Quality (AHRQ), the UK's National Institute for Health and Clinical Excellence (NICE), Germany's Institute for Quality and Efficiency in Health Care (IQWiG) — groups like these offered valuable insights into current thinking about comparative effectiveness.



We also conducted primary research building on our extensive network of contacts around the world, including major insurance companies and overseas payers who are typically very hard to reach — particularly for pharmaceutical companies. Some of the US stakeholders we talked with included Wellpoint and the Blue Cross and Blue Shield Association Technology Evaluation Center. Our ability to access the insights of these elusive stakeholders added significant value to our findings.

Three months after starting the project, we delivered comprehensive findings and analysis to the customer. Guided by our deep industry experience, our analysis included scenario planning, in which we examined a range of different possibilities for the future and mapped the outcomes of each scenario depending on different decisions the company could make. For instance, what decisions would the company face if a centralized HTA body developed in the US? What if managed care organizations became key drivers of HTA usage? These were only a few of the scenarios we examined in detail. Just as important, we identified key signals that would help the customer recognize when a scenario was developing. This proactive approach would help them take the appropriate steps toward managing potential risk scenarios.

We also helped the customer segment their network of payers by the likelihood that the payers would embrace comparative effectiveness as a major criterion in the formulary decision-making process. This allowed the company to create payer-specific plans for addressing comparative effectiveness, as well as helped create a more nuanced understanding of how and when comparative effectiveness would affect their business. We also outlined specific tactics to be used when addressing each segment.

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Results: Executing on Strategy with Confidence

The customer's strategy was built on their own informed assumptions regarding the future of comparative effectiveness. Our research and analysis gave them the insights they needed to validate their strategy and continue with the confidence that they were moving in the right direction. This has only become more important as comparative effectiveness has been included in the Obama administration's economic stimulus funding.

Today, this customer is able to identify key business trends as they emerge in the area of comparative effectiveness. Just as important, the customer is prepared to act quickly to respond to these changing developments to maintain a competitive advantage at a time when many others are struggling to make sense of the new environment.

Delivering Decisive Outcomes

- > A deeper understanding of the current comparative effectiveness environment in the US, particularly with regard to payers
- > A tool for classifying payers based on their likelihood of adopting comparative effectiveness as a criterion for formularies
- > Scenario-specific decision options
- > Warning signs that particular scenarios may be unfolding