

Determining the Optimal Value Proposition for Your Brand

An Exercise from Health Strategies Group

Step 1

Determine Your Brand's Category Management Approach

Health Strategies Group created a framework that defines health plans' category management approach based on three areas types of drivers: cost focus, physician/patient focus, and clinical focus.

Using the tables below, apply the category orientation framework to your own brand's category.

Indicators of Category Cost Focus

<i>Payers believe product has the following attributes:</i>	Yes
Rx options are interchangeable	
Three or more brands lead the category in market share	
Category has numerous generic prescription options	
Prescription choices are undifferentiated	
Physicians accept drug protocol/utilization management	
In-office drug administration is low in target specialty	
Providers are unlikely to resist plans' PA criteria or drug sequencing	
Patient base is cost-sensitive	
Out of pocket costs are high for category patients	
Patients are very sensitive to out-of-pocket costs for medications in the category	
Budget impact is high and unpredictable	
PMPM costs are high	
Size of treated population is evolving quickly (e.g., due to new treatment guidelines)	
TOTAL Score (0 or 1 = Low, 2 to 4 = Medium, 5 or more = High):	

Source: Health Strategies Group.

Step 1

Determine Your Brand's Category Management Approach *continued*

Indicators of Category Clinical Focus

<i>Payers believe product has the following attributes:</i>	Yes
The need to treat is compelling	
Non-treatment and/or under-diagnosis has costly short-term consequences to the plan	
Compliance with drug treatment is linked to better outcomes	
Treatment has compelling social or medical rationale (e.g., cardiovascular disease)	
Treatment affects performance on quality metrics for customer (e.g., NCOA, HEDIS, STAR Ratings)	
Treatment choices are differentiated and insufficient	
Current treatments are insufficient	
Condition has few prescription treatment options	
Prescription choices offer unique clinical attributes (e.g., specific efficacy in sub-populations)	
Prescription choices have low interchangeability (e.g., variable patient response)	
Patient base is cost-sensitive	
Out of pocket costs are high for category patients	
Patients are very sensitive to out-of-pocket costs for medications in the category	
Treatment delivered by primary care based on guidelines	
Accepted treatment guidelines apply to most patients (e.g., ADA diabetes, NHLBI for asthma)	
Many patients are managed by primary care physicians	
TOTAL Score (0 to 3 = Low, 4 to 7 = Medium, 8 or more = High):	

Indicators of Category Physician/Patient Focus

<i>Payers believe product has the following attributes:</i>	Yes
Treatment decisions are complex	
Diagnosis and treatment are complex	
FDA indications lag utilization patterns	
Patient outcomes are highly variable	
Population morbidity and mortality are high	
Patient care is highly specialized	
Disease has narrow prescriber base (specialists)	
Category has limited potential for "inappropriate use"	
Treatment is administered in physicians' offices (e.g., infusions)	
Patient advocacy is strong	
Patient advocacy organizations are vocal and influential (i.e., NAMI, AARP, HIV, MS)	
TOTAL Score (0 to 3 = Low, 4 to 7 = Medium, 8 or more = High):	

Step 2

Assess Your Situation

Enter your totals and identify the primary focus by circling the highest score.

	Cost focus	Physician/patient focus	Clinical focus
Total SCORE			
What to expect	<p>New entrants must demonstrate significantly more value to payers in order to gain preferred access. In addition to a solid value proposition, Marketers should invest in contracting and pull through programs.</p> <p>Expect payers to:</p> <ul style="list-style-type: none"> ▪ Narrow brand choice within the preferred tiers ▪ Apply copay differentials to drive preferred drug utilization ▪ Apply generic-first and/or preferred-brand-first step edits with incentives for adherence ▪ Apply PAs or other disincentives to minimize inappropriate use ▪ Increase coinsurance amounts ▪ Mandate specialty pharmacy use for infusibles 	<p>New entrants must demonstrate clinical value to gain access. Payers will rely on specialist input and national clinical guidelines for coverage decisions. Marketers should invest in physician education and favorable placement on national clinical guidelines.</p> <p>Expect payers to:</p> <ul style="list-style-type: none"> ▪ Encourage adherence to treatment guidelines (often by using PAs and step therapy) ▪ Facilitate provider creation of clinical pathways with preferred brands and incentivized adherence ▪ Limit prescribing to specific specialists ▪ Use high copay/coinsurance levels (across products) for high-cost categories to manage PMPM costs 	<p>New entrants must demonstrate clinical value to gain access. Payers will evaluate the benefit of new entrant to helping them meet their own quality/medical management goals. Marketers should invest in outcomes data, disease management, and adherence programs.</p> <p>Expect payers to:</p> <ul style="list-style-type: none"> ▪ Provide broad preferred tiers on formularies so that they do not limit access for patients who need these therapies ▪ Apply treatment pathways with step edits to limit use of high-cost brands to high-risk patients ▪ Use case management

Step 3

Determine How Payers Perceive a Brand's Value

After determining which management approach best describes the category, a brand team can determine the value payers see in their brand, compared with its key competitors. When plans see high clinical and economic brand value, restrictions decline and reimbursement improves. Using the table below, "score" your product based on the attributes payers value. Remember to rate this based on the payers' perception, not your own.

Payers' Beliefs about Your Drug

<i>Product has the following attributes:</i>	Yes
Addresses unmet need recognized by payers	
Delivers benefit that payer can promote to employers	
Delivers meaningful clinical benefit vs. drug and/or non-drug alternatives	
Has low risk of inappropriate use	
Extensive published data documenting clinical advantages vs. standard of care	
Delivers measurable economic advantages to plans compared to other treatment options	
Has well-defined position in treatment paradigm	
Has well-defined patient population where efficacy is optimized	
TOTAL Score (0 or 1 = Low, 2 to 4 = Medium, 5 or more = High):	

Step 4

Assess Your Situation

Review your total and identify SWOT, assess unknowns and list possible actions.

Payers Perceive My Brand Value as (circle one): Low, Medium, High	
Strengths _____ _____ _____	Weaknesses _____ _____ _____
Opportunities _____ _____ _____	Threats _____ _____ _____

Source: Health Strategies Group.

Unknowns/Questions I Need Answered

- _____
- _____
- _____

Possible Actions to Improve/Ensure Value

- _____
- _____
- _____