



# Continuing Education



## Disease management strategies

### Learning Objectives

**Explain** the benefits of disease management to healthcare organizations and pharmaceutical companies.

**Describe** different organizational approaches to disease management taken by pharmaceutical companies.

**Identify** emerging strategies used by pharmaceutical companies in response to disease management.

**Describe** new knowledge and skills required for representatives in the disease management environment.

**Describe** new roles for healthcare representatives in the disease management environment.

This final article in a three-part series discusses the impact of disease management on the pharmaceutical industry. Topics include the benefits of disease management to both healthcare organizations and pharmaceutical companies and different organizational approaches to disease management that pharmaceutical companies are taking. Other areas of impact include emerging strategies, new knowledge and skill requirements and new roles for healthcare representatives.

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The pharmaceutical industry is responding to the challenges and opportunities that disease management provides. Many companies are transitioning from merely selling a pharmaceutical product to providing a variety of integrated resources in addition to drugs that solve therapeutic challenges in specific disease areas.

Pharmaceutical companies are becoming more involved in disease management and are increasing their efforts to assist managed care organizations. Benefits to healthcare organizations include the financial strength, clinical and research expertise and medical knowledge of drug companies. The implementation of disease management programs depends upon the collection and analysis of pharmacy and medical data, integrated data systems, the development of evidence-based clinical practice guidelines, outcomes research and a variety of

other components.

Assembling these services can be difficult and expensive. Many healthcare organizations simply do not have the scientific or financial resources to develop and assemble all the necessary components of disease management programs. Years of experience calling on physicians, enrolling patients in clinical trials and collecting and analyzing scientific data are just a few examples of the valuable resources that pharmaceutical companies can bring to the development and implementation of disease management programs.

Partnerships with healthcare organizations in DM programs also offer benefits to the pharmaceutical company, including access to medical and pharmacy data and access to patient populations that could potentially use the company's products.

In general, pharmaceutical companies do

## RECEIVE CREDIT AND RECOGNITION

Continuing Education in *Pharmaceutical Representative* aims to provide reps with information to help them meet the needs of the people they serve and to contribute to reps' personal and professional development. Every third issue includes a self-assessment quiz covering the previous three Continuing Education articles. The quiz for this article will appear in this issue. Reps who correctly complete the quiz and return it to the CMR Institute with a nominal handling fee will receive a completion-recognition form showing that they have successfully completed the three-part educational series and earned .25 CEU (2.5 contact hours). The CMR Institute also will send a letter of recognition to reps' managers upon completion of a quarterly series. A Certificate of Achievement will be awarded to any representative who successfully completes four quizzes or has obtained 1.0 CEU.

**Note:** The Continuing Education quizzes are not part of CMR Institute's certification program and do not count as credits toward the CMR® designation.

### About the CMR Institute:

The Certified Medical Representatives Institute is an independent non-profit educational organization established in 1966 to provide a source of professional development and certification for pharmaceutical representatives. The Institute provides an up-to-date, approved continuing education curriculum designed to expand and enhance internal company training and development in a cost-effective manner. The curriculum concentrates on providing a general knowledge base and avoids such areas as selling skills and specific product education.

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not have access to patients, providers and information on various treatments beyond the impact of pharmaceuticals. Pharmaceutical companies can further benefit by marketing disease management programs to numerous customers or distributing the costs of these programs across product sales. Healthcare organizations cannot form partnerships with all pharmaceutical companies who produce a particular drug. Therefore, competing companies must demonstrate the distinctive clinical, economic and humanistic advantages of their specific product.

Once a pharmaceutical company has determined which drug has growth potential, the company should:

- Introduce the major disease associated with that drug to the health plan as a potential savings opportunity
- Recommend a vendor that will give the health plan the best financial arrangement
- Detail the drug intensively when the health plan agrees to provide disease management on the disease, focusing on data from the health plan

### Organizational approaches

Pharmaceutical companies' approaches to disease management fall into three broad organizational categories:

**Value-added services.** Some pharmaceutical manufacturers view disease management programs as simple value-added services. This strategy is the least aggressive of the emerging approaches, packaging value-added services with existing product lines. These companies are minimizing their commitment to disease management, assuming a wait-and-see attitude. Many pharmaceutical companies engaged in disease management develop specifically targeted disease management materials or services directly related to their specific areas of expertise. Examples would include patient education videos, counseling services, provider informational brochures and websites. Major pharmaceutical corporations have developed services such as these to complement their product lines (see figure, p. 34).

**PBM connections.** Many companies have gone a step further than providing value-added services. They have restructured internal departments and, in many cases, joined forces with pharmacy benefit management companies (PBMs) to better accommodate disease management opportunities. In general, these companies have redefined their national accounts teams, previously organized around product lines, into disease management teams. PBMs are an excellent source of patient and prescription data and have the ability to collect massive amounts of information that are vitally important to the success of disease management systems, including data that can be used for targeting of high-risk/high-cost patient popu-

lations and for conducting outcomes research. PBMs can also provide pharmaceutical companies with access to a wide variety of health plans and payers with whom they have contracts. These and other services PBMs provide to healthcare organizations (including formulary development and oversight and price negotiations with pharmaceutical companies) make them valuable partners in disease management initiatives. PBM alliances, purchases and sales change frequently. It is important that healthcare representatives remain alert to changes that occur in this area.

**Disease management subsidiaries.** A few large pharmaceutical manufacturers have created separate subsidiaries charged with producing and marketing disease management programs. Companies that have adopted this more aggressive approach are looking to develop an entirely

## Disease management programs offer pharmaceutical companies an opportunity to document the overall value of drugs.

new line of business, grounded more in healthcare consulting and expressly unrelated to pharmaceutical sales. As such, they offer broad-based disease management programs on a fee-for-service or risk-sharing basis to help their customers deliver more effective, efficient healthcare. In general, these subsidiaries are built around management teams focusing on specific diseases and staffed with specialists in information and technology, outcomes research, business and finance, pharmaceuticals and medicine.

### Changing strategies

The business environment of disease management is requiring a change in strategies, as discussed below.

**Increased knowledge of guidelines.** Disease management programs offer pharmaceutical companies an opportunity to document the overall value of drugs in the context of treating the disease as a whole and in reducing the costs associated with more invasive measures. This approach, however, requires that healthcare representatives become familiar with all the components of disease management, including prevention, diagnosis and treatment. They must remain current with clinical practice guidelines and outcomes research produced by a variety of sources, since they may affect prescribing decisions within healthcare organizations. Based on this knowledge, manufacturers can then:

- Position their products in the context of emerging guidelines
- Produce educational services promoting those guidelines that support use of their products

**Marketing strategies.** Health insurers and disease management organizations have begun to limit the number of vendors from whom they purchase patient education and support materials. New marketing strategies have evolved in response, including:

- Promotion of more than one product category to the same target audience
- A greater focus on the clinical, economic and humanistic value of the drug within a treatment protocol
- Creation of comprehensive educational materials and programs centered on particular diseases
- Establishing the company image as the most reliable and widest source of information and services relating to a particular disease
- Appealing to other pharmaceutical companies to license or copromote their products with the “best company” in a given market

**Risk sharing.** One way that provider organizations have addressed cost-containment is to require more from their suppliers in terms of volume discounting, capitation-based contracts and other types of financial concessions in exchange for the opportunity to expand their market share. This means that some healthcare systems may require pharmaceutical companies to assume some of the risk for patient care costs related to their product. For example, the healthcare organization and the pharmaceutical company may negotiate a fixed price for a quantity of a drug based on a projected usage level. In other cases, some disease management companies will guarantee a

certain amount of savings and/or improvement in clinical outcomes.

## New knowledge and skills

The increasing use of disease management programs has required healthcare representatives to adapt to a changing knowledge base and target audience.

### Disease management-related knowledge base.

In selling to healthcare institutions and organizations that have implemented disease management systems, representatives will need to:

- Have a broader, more disease-oriented knowledge base, meaning an understanding of the entire medical context within which a pharmaceutical product is used
- Have an understanding of the principles of pharmacoconomics and outcomes research and an ability to apply this information in a sales situation
- Have a general understanding of disease management systems, including an understanding of the medical decision-making processes and cost-management strategies under which these systems operate
- Have an understanding of the general role of PBMs and of the relationships that specific PBMs have with the healthcare institutions within the representative’s territory (including formulary management) and with other pharmaceutical companies
- Know which MCOs are operating in the system
- Know physician affiliations
- Know the percent of the physician’s patients enrolled in the MCO
- Know the company’s financial arrangements with each MCO

## Value-added services to healthcare providers

Many pharmaceutical companies are now providing a package of services to healthcare providers

Prevention services to reduce the incidence of a particular disease	Education services provided by pharmaceutical representatives	Diagnostic services to improve disease outcomes	Treatment services to achieve successful treatment of a disease	Other value-added services
<ul style="list-style-type: none"> <li>• Support or conduct research into disease prevention</li> <li>• Develop and provide health education/health promotion materials</li> </ul>	<ul style="list-style-type: none"> <li>• Product information</li> <li>• Specific disease management information</li> <li>• Pharmacoeconomic information</li> <li>• Value-added services information</li> </ul>	<ul style="list-style-type: none"> <li>• Radiodiagnostic equipment</li> <li>• Ultrasound machines</li> <li>• Screening services</li> </ul>	<ul style="list-style-type: none"> <li>• Drug therapy</li> <li>• Surgical devices</li> <li>• Radiotherapy</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance with third-party payers</li> <li>• Drug access services</li> <li>• Physician, nursing or patient education programs and materials</li> <li>• Conferences</li> <li>• Hotlines</li> <li>• Conduct or support outcomes research</li> </ul>

- Target all types of healthcare professionals as potential customers

**Changing target audience.** Traditionally, healthcare representatives would meet face to face with physicians who would be the primary decision makers in a particular healthcare setting. However, the decision to purchase medical supplies and services, including pharmaceuticals, has become much more complex and involves a number of other key decision makers, including MCO administrators, physicians, pharmacists, formulary committees and PBM negotiators. These groups and individuals will be involved to varying degrees in the development of product formularies, determination of clinical practice guidelines and negotiation for the bulk purchase of drug supplies. Consequently, pharmaceutical companies will need to focus resources and manpower on presentations and negotiations with a broader range of key decision makers. It will therefore be important for representatives to provide territory information that would be useful in obtaining favorable contracts; such information might include:

- Demographic trends
- Changes in clinical practice guidelines or formularies
- Results of outcomes research
- Information about competitive marketing strategies

## New roles

Disease management has brought about new roles for healthcare representatives.

Representatives have a team role to play in helping to communicate overall usage guidelines to healthcare providers. For example, the representative may be expected to work with physicians and pharmacists to ensure the proper use of products in accordance with the clinical practice guidelines and treatment protocols. This may require a representative to advocate use of a competing product for treatment of a disease.

This also means that representatives must consider the type of contract their companies have negotiated with MCOs. For example, under certain risk-sharing contracts, promoting the use of a company's products will not financially benefit the representative's company. The goal instead will be to improve patient outcomes as defined in the contracts. This change in the representative's role also means that pharmaceutical companies may redefine representatives' performance and compensation packages to reflect the ability to achieve new goals rather than generate volume sales.

Also, as pharmaceutical companies begin to offer more disease management services in addition to pharmaceutical products, the representative can expect to assume the more comprehensive role of service provider to the healthcare system. These

## Article Summary

- **The pharmaceutical industry is responding to disease management by providing a variety of integrated resources.**
  - There are benefits to both healthcare organizations and pharmaceutical companies.
- **Pharmaceutical companies' approaches to disease management fall into three broad organizational categories: value-added services, PBM connections and disease management subsidiaries.**
- **The business environment of disease management is requiring a change in strategies.**
- **Disease management has required healthcare representatives to adapt to a changing knowledge base and target audience.**
- **Disease management has brought about new roles for healthcare representatives.**

services will include a variety of value-added programs that meet the needs of physicians, pharmacists, nurses, patients and other health providers and consumers, such as:

- Disease-oriented symposiums and conferences
- Disease-oriented educational materials for healthcare professionals and patients
- In-service educational programs for nurses and healthcare practitioners on particular aspects of disease management
- Continuing education programs for physicians, pharmacists, nurses and other healthcare providers
- Drug utilization review for the healthcare organization

Furthermore, the role of the healthcare representative may be that of a disease management specialist, providing the uniform, agreed-upon protocols set by the health plan to physicians, pharmacists and other healthcare providers.

The role of training is also changing. Healthcare representatives should be trained to recognize the needs of customers in terms of wellness and health promotion programs and to communicate those needs to their district managers and other members of their sales teams. Their training in this area may also focus on presenting products in terms of maintaining a healthy lifestyle and preventing more debilitating conditions, such as hypertension, cardiovascular disease, severe depression and osteoporosis.

The next series of articles will discuss Diabetes.