

Current State of Pharmaceutical Marketplace for Public and Private Payers



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McKesson Specialty's Consulting Services continues to contribute key strategic research and insight to the pharmaceutical industry. We recently conducted a Q&A session with Dr. Nabil Tadros, who has been with the company since 1996, hoping to learn more about his perspective on the current pharmaceutical marketplace.

In which areas of consulting or market access do your clients currently show more interest?

Today, there is an increasing interest in the private payer market. This is somewhat different from the past when almost all efforts were devoted to obtaining reimbursements from the public payer side. This is due to significant challenges in this area and also because private payer reimbursement was seen as almost automatic.

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Why do you feel that some manufacturers are now paying greater attention to the private payer market?

A number of factors have likely contributed to this. Public payer reimbursement is becoming more and more difficult and this effectively leads to certain products being shut out of the public payer market, or at least facing delays before being listed on public payer formularies. As a result, the private payer market has become more dominant and for some drugs, the only method of reimbursement.

Some factors making the private market increasingly complex include:

- Various drug cost-containment measures have been implemented (e.g., tiered plans, co-pays, annual/lifetime maximums, formulary restrictions, contracts, special authorization, etc.)
- Private payers have seen the success enjoyed by public payers in securing better prices given their clout and buying-power. Private payers will likely follow suit
- Drug coverage by a private payer does not necessarily translate into increased claims and utilization due to specific aspects of plan designs and special authorization criteria

How do you help your clients better understand private payer market navigation?

McKesson Specialty has produced an industry-recognized Canadian private drug plan compendium, the most comprehensive manual of its kind. It contains invaluable information and data on the Canadian private payer market. It also includes information and data from McKesson's proprietary Employer Survey of Canada's top 200 employers.

Moreover, clients have become very interested in private payer steering committees and advisory panels. These meetings are quite productive and serve to engage private payers, build important relationships and develop a spirit of partnership relative to future projects focused on private payer interests.

What's new on the public payer front? The public payer side has evolved as well, however, we have identified very simple steps that can be easily followed by manufacturers to improve the quality of their reimbursement

submissions—particularly Common Drug Review (CDR) submissions.

The first step is to simplify pharmacoeconomic analyses. The CDR has relatively straightforward guidelines regarding the type of economic analysis required in a submission. In many situations, only cost-consequence analyses or cost tables are required, yet too often, manufacturers create very elaborate (and costly) models that are unnecessary and can even hurt rather than help their cause. Not only are such models more costly and resource reliant to produce, they can also provide CDR a bigger target to critique. The bottom line: “keep it simple!”

The second step is to create clear, harmonized messages and positioning throughout the submission process. All submission documents—from the executive summary to

the budget impact analysis—must convey a clear, consistent message. This is often neglected, primarily due to the presence of “too many cooks in the kitchen.” In other words, there are too many people involved in preparing the submissions’ various sections. My best advice would be to choose one team or one supplier capable of competently completing the entire submission from start to finish. This helps ensure that the message conveyed throughout the entire submission is clear, consistent and unified. **CPM**

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