Trends and Tactics: How to Survive and Thrive in the Era of Healthcare Disruption

Coordinated intelligence can improve revenue, effectiveness, and customer engagement
The new health economy is here. Do you have the right knowledge resources in place?

The rapid pace of innovation, the rise of consumerism, an aging population, and movement toward price transparency are placing significant pressure on healthcare companies to stay agile and competitive. Understanding the forces affecting drug development, pricing, and prescribing is crucial to making the best business decisions in the new health economy.

“The life sciences and healthcare industry is on the brink of large-scale disruption. In a future of health that’s defined by radically interoperable data, open yet secure platforms, and consumer-driven care, what role will you play?”

— Deloitte Report on the Future of Health

Here are the top six trends affecting healthcare businesses today, and five best practices for developing a foundation of actionable drug information and resources to help meet these challenges.
**Trend #1: Disruption is not going away**

Massive shifts in business and policy over the past few years have tossed the healthcare industry into near-constant disruption.

Innovation and change are especially relentless in drug manufacturing, pricing, and prescribing. From the skyrocketing specialty drug market and the emergence of digital therapeutics, to the rise of artificial intelligence and the increasing volume of new drugs and indications, the pace of change continues to be breathtaking.

Private equity is accelerating change in the industry. Venture capital funding for digital health startups is on track to increase 230% from 2013. Private equity firms closed 487 healthcare deals in the first three quarters of 2018, more than double the number of deals they closed a decade earlier.³

Mergers and acquisitions are now the norm, with new partnerships being announced all the time. CVS is working with Aetna to combine 10,000 stores, 1100 clinics, and 22 million enrollees. Cigna Corp. merged with Express Scripts, Optum acquired dialysis provider DaVita Medical Group, and Humana made a bid for Kindred Healthcare.⁴

This kind of market change heightens the complexity—and risk—when it comes to establishing formularies, negotiating prices, prescribing safely, and stabilizing budgets. Plus, merging entities need to carefully layer new and existing health technology systems without compromising productivity.

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“**The arrival of digital therapeutics—an emerging health discipline that uses technology to augment or even replace active drugs in disease treatment—is reshaping the landscape for new medicines, product reimbursement and regulatory oversight.**”

— Top Health Industry Issues 2019 PwC Health Research Institute²

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**Trend #2: Value-based care is gaining ground**

The maturing of quality-based initiatives means that businesses may need to restructure some processes in order to meet the goals of prevention-focused, value-based models of care.

For example, with an increasing focus on population health, reimbursement rates could decrease for aging or medically complex patients. Care delivery is moving beyond the clinician’s office to a broader team that includes payers, pharmacies, and even drug manufacturers. There is a strong movement to coordinate care and empower patients in order to reduce costs, improve clinical outcomes, and reduce readmissions.

Value-based care is starting to translate into value-based pricing agreements. According to authors of the American Health & Drug Benefits (AHDB), “Pharmaceutical manufacturers and health insurers have realized that paying for certain high-cost drugs based on the patient outcomes they deliver through value-based contracts is one way to control the drug costs.” However, these kinds of contracts depend on capturing and analyzing immense amounts of data in order for health plans and pharmacy benefit managers (PBMs) to determine whether a drug produced the promised outcome. For now, regulatory barriers are keeping companies from executing many of these agreements.⁵

What is certain is that the most successful companies will be those that collaborate well in the healthcare ecosystem. This means more seamlessly connecting consumers to their healthcare teams and appropriately sharing the data necessary for better care at lower cost. London-based firm TriBeca Knowledge emphasizes that drug research and development pipelines need to generate meaningful innovation, “not just marginal improvements in drug efficacy or safety, but therapies that really transform healthcare.”⁶

With continued margin pressure, as well as the expectation to meaningfully collaborate with external entities, businesses such as drug manufacturers and wholesalers, payers, pharmacy benefit groups, and pharmacies need to be nimble—equipped with competitive intelligence and ready to adapt.
**Trend #3: Price transparency is on the agenda**

Drug price transparency and controls continue to be priorities for federal and state authorities that are looking to stem rising healthcare costs.

States have been working recently to find new ways to approach drug pricing. Several proposals focus on increasing visibility into how drug prices are set and the decisions that lead to price increases. Lawmakers are also working another angle: the drug price transparency of PBMs. In 2019, the U.S. Department of Health and Human Services proposed a new federal requirement that PBMs pass on to consumers any discounts they receive from manufacturers. State lawmakers in Arizona, Florida, Maine, New Jersey and New York want PBMs to disclose more information to the state about their practices, especially the rebates.7

The primary aim of drug transparency laws is to empower consumers, state health agencies, and health insurance providers with better information on drug prices. According to America's Health Insurance Plans (AHIP), drug transparency laws should improve “the bargaining ability that state health agencies, pharmacy benefit managers, and health insurance providers have when negotiating drug prices with drug makers and will consequently lead to lower prices.”8 However, Thomas Lee, chief medical officer at Press Ganey, said economists don’t believe price transparency has a noteworthy impact on cost and efficiency.9 It remains unclear how these laws will ultimately impact businesses and consumers, care and costs.

As the industry grapples with implementing drug price transparency and controls, drug manufacturers, payers, PBMs, and pharmacies must arm themselves with robust drug pricing data to optimize operating efficiency and drive innovation.

**Trend #4: Consumers are expecting (and getting) more**

We’ve reached a tipping point in the consumerization of healthcare. Consumers are looking for convenience, personalization, and value when it comes to their healthcare, and there is a growing expectation for health information and drug services to be readily available via digital technology.

Some healthcare companies have begun to succeed in meeting consumer expectations. Telehealth, recent megamergers like CVS/Aetna, and non-traditional and mail-order players like Amazon and Google are giving patients new options for comparing prices and filling prescriptions.

Of course, bringing consumer-style decision making into prescription shopping could have a significant impact on everybody’s spending. McKinsey reports that there is, in fact, significant consumer demand for filling prescriptions online as long as the experience is convenient and affordable. New players such as Amazon could attract significant volume away from both existing mail-order pharmacies and retail pharmacies that have contracts with payers through PBMs.10 But any new venture will have to contend with the same challenge facing retail pharmacies when it comes to online prescription ordering: Many consumers simply prefer to pick up their prescriptions in person because of the friendly service.11

The rise of consumerism presents unique challenges for payers to engage their members, especially around prescription drug benefits. For example, patients are often unaware that covered drugs may require a co-pay that can be unaffordable. Payers should consider streamlining any confusing processes around prescription drug coverage in order to increase member satisfaction and differentiate offerings to employer groups.

Healthcare businesses need to quickly figure out how to serve the American consumer by providing value and ease of use in an increasingly competitive environment.
Trend #5: An aging population is taking more medication

About 6 in 10 U.S. adults have a chronic disease, and 4 in 10 adults have two or more. While this ratio has remained relatively stable over the past few years, the population is rapidly aging, and prescriptions are on the rise.

- **10,000** people become eligible for Medicare each day.¹³
- **50% of adults over age 45 and 81% of adults over 65** have more than one chronic condition.¹³
- Patients with one to four chronic conditions have **9-24 prescriptions** filled each year.¹⁴
- Americans with five or more chronic conditions make up **12% of the population but account for 41% of total health care spending**. They have an average of 51 prescriptions filled each year.¹⁵

With increasingly complex treatments, specialty drugs, and multiple drugs per patient, the risk of preventable adverse events and medication errors is higher than ever.

Pharmacies have a goal of achieving 99.7% accuracy of fill, which is the industry standard. At the maximum error rate of 0.3%, this translates to 15.3 million fill errors every year. In reality, however, pharmacies have an average fill quality level of 96%, or 200.4 million fill errors annually.¹⁶

Many pharmacies are attempting to manage increasing volume and decreasing margins by asking pharmacists to fill more scripts. That means interactions between pharmacists and patients are often rushed and fall short of driving adherence and changing patient behavior. In fact, according to the Pharmacy Quality Assurance (PQA) Commission, only 35% of pharmacists agree that the work environment is conducive to safe and effective patient care.¹⁷ And while filling these scripts, pharmacists are inundated with excessive alerts. These can become overwhelming and cause alert fatigue. The result is that pharmacists often ignore the alerts, running the risk of missing relevant warnings.

Dr. Marv Shepard, the former Chairman of the Pharmacy Administration Division of the College of Pharmacy at the University of Texas in Austin, says errors typically occur because pharmacists are overworked. Nearly half of the pharmacists participating in the 2014 National Pharmacists Workforce Survey reported that they “had so much work to do that everything cannot be done well.” Additionally, more than half of the chain and retail pharmacists reported high stress work environments from “having to meet quotas” and “not being staffed with an adequate number of technicians.”¹⁸

Each year, adverse drug events account for nearly 700,000 emergency department visits and 100,000 hospitalizations.¹⁹

Healthcare businesses need consistent clinical content and a clear process for approving and prescribing the right medication at the right dose for the right person. This also means providing excellent patient education on how to properly take medications and self-manage conditions and follow-up care.
Trend #6: Patients have a hard time with adherence

Even though patients in the U.S. are getting older and sicker, they are less likely to take their medications as prescribed. In one large study, Quest Diagnostics discovered:

- **63% of people** on prescription drugs were not taking their medications as prescribed\(^20\)
- **Two in five** weren’t taking any medications at all, even though they had been prescribed\(^20\)

Nonadherence is an industry-wide problem with vast implications on patient health and costs.

- **Approximately $1 in every $9** of total U.S. healthcare spending is wasted due to nonadherence.\(^21\)

The reasons for nonadherence are complex and not always within the patient’s control—especially for older patients, those with age-related memory issues such as dementia, and those with cognitive impairment.

Switching to 90-day supplies of maintenance medications and enabling automatic refills can help with issues of forgetfulness and procrastination. However, patients can become confused about medication schedules when they have large supplies of their prescriptions on hand. Research increasingly points to the patient engagement as critical to helping deal with various barriers and achieve adherence. Successful patient engagement strategies include face-to-face communication as well as indirect methods such as texting and emailing.

Enhancing patient engagement to help improve medication adherence is crucial to the future of healthcare in the U.S.—and also to the viability of the businesses that manufacture, price, and dispense medications.
1. Equip your company with robust drug intelligence.

Successful businesses leverage trusted, actionable, and evidence-based clinical drug information to inform market strategy, product positioning, and trend tracking. Look for a software solution that can offer:

- **Drug pricing & analysis** that gives you a holistic view of the competitive market in order to help you forecast trends, research prices, make generic and therapeutic substitutions, and conduct well-planned product launches and market research.
- **Drug data embedded into the workflow** so users don’t have to pause, hunt, or click around in order to find needed information. This minimizes interruptions—such as needing to make a phone call to verify that organizations are referring to the same medication—so employees can focus on the tasks at hand.
- **Online & mobile drug references** that give you access to extensive clinical content that staff can rapidly apply to formulary, pre-authorization, and reimbursement decisions.
- **Interpretation and synthesis of content** so your company has access to evidence-based recommendations and analysis compiled by experts.

With in-depth, timely, and evidence-based content to support your initiatives, you’ll be able add new revenue streams with confidence. You’ll support your entire staff with consistent information so they can make the best decisions, both clinically and financially. The result is increased revenue through services that make you more competitive, protect patient safety, and supports healthier margins.

2. Apply consistent clinical content across your business lines.

The clinical content and drug information your company uses should have rigorous editorial standards. Make sure your solution balances the careful review and interpretation of new information with the ability to access new evidence and updates as promptly as possible. Look for extensive content that is synthesized into concise, clinically relevant, actionable information.

Working with a single partner for clinical content and drug information can ensure that decision support is consistent across disease state, referential, embedded, and patient engagement communication so decision-making is aligned across your organization.

Make sure you implement a solution with behavioral science-backed consumer engagement techniques that you can deploy through a scalable, interactive system. That means you can reach a wide variety of consumers the way they need to be reached. You can utilize a feedback loop to learn more about your consumers and design responses to appropriately address issues.

3. Make sure data is continuously refreshed.

Your company needs to be agile in a rapidly shifting landscape. For example, when a drug price changes even a fraction of a cent, your company needs to respond in near real time. In addition, as new drugs, indications, and dosing guidelines are approved, formularies and clinical decision support content need to keep up in order to avoid medication errors and preventable adverse events. This is particularly true for vulnerable and pediatric populations, for which access to the most current dosing information can significantly affect cost and clinical outcomes.

How to meet these challenges head on

All in all, these trends indicate that drug manufacturers and wholesalers, payers, pharmacy benefit groups, and retail pharmacies need to hone processes, advance research, cultivate market intelligence, and give consumers and members appropriate access to care—all while making sure each person receives the right prescription while maintaining the company’s bottom line.

Here are 5 tactics to consider.
4. Get usable data reports.
Intelligence is only useful if it is accessible. Drug data reports should allow you to easily manipulate and apply intelligence like claims adjudication, pricing analysis, and usage reports to business decisions. You should have the opportunity to selectively compare data points as needed—for example, to import and export drug pricing data in order to compare the prices of certain medications across the industry or within your formulary.

Outcomes data as well as patient engagement trends should be accessible to support population health initiatives as well as any value-based or outcomes-based contracts.

5. Look for flexible, compassionate customer support.
Any solution you implement should be backed by strong customer support. You should have ample access to a team that has high customer satisfaction rates. The team should be able to customize your solutions from the get-go, as well as provide the necessary user, technical, and integration support so your business can meet and exceed desired goals.

Learn more at www.wolterskluwerCDI.com or 855-633-0577.

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