

WHITE PAPER

The ABCs of IDNs: The new keys to commercial success for Life Sciences Organizations

SEPTEMBER 2016

The days of a pharmaceutical or medical device manufacturer sales representative calling on a familiar physician to detail a new drug compound or a clever bit of laser technology may soon be gone. Now, more and more drugs and devices are sold to Integrated Delivery Networks (IDNs), the often-jumbo health care delivery organizations that generally include some combination of hospitals or systems, large medical groups, long-term care services, outpatient centers and pharmacies. In addition, Group Purchasing Organizations (GPOs) are still a major part of the mix in some markets, as separate entities that negotiate prices for IDNs or as part of IDNs themselves.

That means Life Sciences Organizations (LSOs) must get to know a whole new kind of customer, perhaps a purchasing executive or a Pharmacy and Therapeutics Committee head, who won't actually use the product and may be buying on behalf of hundreds, or even thousands, of physicians. It's intimidating, but even the most labyrinthine IDN maze can be successfully—and profitably—managed.

Making it through the maze requires an LSO to find the right partner, one with detailed data on key factors like which types of sites of care make up the IDN, who fills its provider panels, what kinds of services they provide, what kinds of patients they see and what types of surgeries they perform. That partner should be able to discover in the data useful insights such as who the most influential providers are inside the IDN and among their community-wide peers. A partner that knows how to read volume-of-services, shared-patient and professional-relationship data can provide that kind of characterization.

Analyzed appropriately and presented in terms that resonate with an LSO's sales goals, data becomes powerful information a drug or device maker can use to value IDNs and better prepare a compelling pitch for the disparate interests of the IDN stakeholders that LSOs must do business with today.

Their number makes IDNs inevitable; their diversity makes them opaque

IDNs are not new. For 40 years or so, the dominant theme in health care has been hospitals and physicians forming comprehensive care enterprises so they can be paid under population-based global budgets.¹ What’s new is the acceleration of that trend, and the impact it’s having on how LSOs do business. As one research company points out, “recent and rapid changes due to reform [and] financial pressures are generating greater and swifter integration across traditionally siloed channels.”² A consultant puts it like this: “When [the ACA] made it clear that health care providers would be held accountable for managing costs and improving quality of care, many looked to well-known IDNs as models.”³

Now, there are approximately 1,500 of them nationally. In fact, IDNs now “represent the majority of the health care spend in the U.S., and their percent of spend will continue to grow.”⁴ By one estimate, as much as 80% of hospitals’ and nursing homes’ non-labor expenditures are now funneled through GPOs or IDNs.⁵ The largest among them associate with close to 10,000 physicians each, and may include more than 1,000 hospitals, physician offices and nursing homes.⁶



A key challenge for LSOs trying to sell to IDNs is, as they say, “if you’ve seen one IDN, you’ve seen ... one IDN.”

- A few operate nationally
- The majority operate regionally or, in some cases, locally
- The three largest IDNs—Hospital Corporation of America, Community Health Systems and the Department of Veterans Affairs—may include hundreds of hospitals each⁷
- Smaller, regional IDNs including Adventist Health, a faith-based non-profit IDN just northeast of Sacramento, may have just several dozen hospitals, and local IDNs have even fewer
- Some are groups of hospitals, others cover the entire continuum of care
- Some are integrated more or less in name only, such as when a hospital buys a neighboring facility or two, but just uses them for referrals, with little effort at integrating clinical or back-office operations
- Other IDNs are truly, fully integrated, including patient care protocols, human resources and finance⁸
- Some have even begun to assume risk for the populations they serve, in the form of bundled payments and population health management; they may expect the manufacturers they buy from to do the same³

All the changes make LSO sales efforts much more complicated

One of the most dramatic differences in the new paradigm is the more centralized decision making that IDNs generally bring to the table. One estimate finds as many as 80% of IDNs with policies and practices that are applied at the individual entity level, although those policies and practices are often drafted at the ownership, not operational, level of those entities.² Other IDNs impose corporate decisions and mandates systemwide.² That means buying decisions are being moved away from physicians and into what one consultant calls “the matrix of issues and concerns represented by IDNs.”⁹ The end result is larger and more complex accounts to service and that makes the stakes even higher for each one.³

Complicating LSO sales efforts further is the fact that the face across the table may be unfamiliar—and so may be the purchasing agenda behind the face. The old paradigm “saw individual physicians dominating decision making about drug and device purchases,” one report points out, but now “administrators are playing a larger role, and institutional objectives are increasingly at the top of the agenda.”³ That means that LSO sales representatives probably don’t just call on clinicians, physicians or clinical department heads. Instead, they’re more likely to be making a pitch to a P&T Committee, materials executive, purchasing manager or to someone called a “value analysis expert” or even to a risk manager—in other words, someone who won’t actually use the device or prescribe the drug.⁸

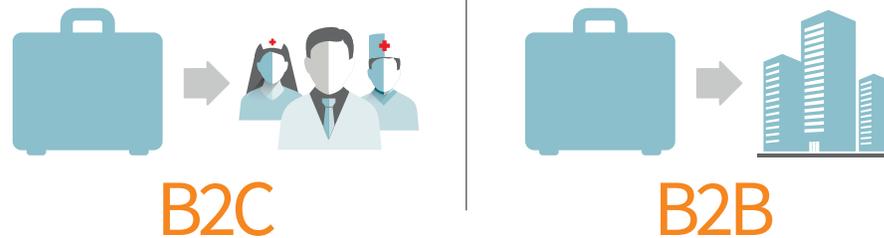
Actually, many LSO sales teams will learn that they no longer pitch to an individual. There may be more than one unfamiliar face looking across the table at them. Buying pharma products and medical devices has moved “from the purview of a single person who takes all the risk and gets all the benefit to an organizational model in which many players are involved in the decision to acquire product,” one report points out.⁹ The paradigm changes also mean that business considerations may carry as much weight in IDN purchasing decisions as do clinical considerations, which is a major change from the typical purchasing decisioning carried out by individual physicians.⁹

How do you cope in the new environment?

Today, an LSO must know an IDN’s potential, not just its current product use statistics. Knowing how many patients a single client provider sees, diagnoses or performs surgeries on is simply not enough.

For a pharmaceutical manufacturer, determining an IDN’s potential means looking at how many of its patients are diagnosed each year with a condition for which the LSO’s product has received a Food and Drug Administration indication—multiple sclerosis for example. Similarly, a device maker has to weigh an IDN’s potential by determining the volume of surgeries or procedures being performed by its provider entities that incorporate the LSO’s equipment—such as total knee replacements. The LSO must also know what types of providers affiliated with the IDN are using the product or performing the procedures, the IDN’s individual-entity composition and its decision making processes, and whether there are opportunities to expand its saturation of each IDN “market.”

In other words, LSO marketing must shift from a B2C approach, where a business sells to a customer, to a B2B or account-based approach, where the business sells to another business—the IDN.



Contracting with a unified health system may, industry watchers suggest, “present opportunities for increased market share performance and volume commitment.”¹⁰ Pharma and biotech companies “should tailor their contracting approaches according to an IDN’s level of integration to optimize their contract effectiveness.”¹⁰ Specifically, that means LSOs need to formulate and execute strategies specific to each IDN and its unique mix of component sites of care and leverage their knowledge of the IDN’s current and emerging decision makers for more targeted promotion of their products and services.² To accomplish that, some LSOs have created account management groups, organized customer groups or key account groups within their sales operations.

One thing all those IDN-facing LSO teams have in common is a need for detailed data to enable better commercial decisions for a market or therapy area.

Follow the ABCs to achieve success in selling to IDNs

Detailed data is the foundation LSOs can build a new sales approach on, a foundation that features the ABCs of influencing IDNs: accurate data, broad data sources and competency—the kind you get with a partner that has a massive amount of expertise and experience with LSOs. The data required to sell drugs and devices to IDNs includes demographic and profile data on the IDNs themselves, such as who makes up the provider panel, how many providers there are and what sites of care they inhabit; and medical claims data that shows which providers are performing which procedures—involving which drugs and which devices.

A **ACCURATE DATA**
CONSISTENTLY
UPDATED AND
MONITORED

B **BROAD DATA**
SOURCES FOR
COMPLETE
INFORMATION

C **COMPETENCY**
DRIVE ACTIONABLE
INSIGHTS WITH
EXPERTISE

Combined, that profile data and claims information can be analyzed and reconfigured to yield actionable insights into commercial efficiency, market share gain and revenue growth—key metrics for measuring LSO sales success. Here's how:

- Large LSOs need an authoritative view into their customers' operations across multiple brands and therapeutic areas and that ever-changing data must be up-to-date, which presents a considerable challenge. An LSO needs to understand the IDN's organization and internal structure. A competent data partner can provide that understanding by managing and analyzing demographic information, contact data, financials and various American Hospital Association operational metrics.
- A smaller LSO or any brand leader for an individual product needs to understand how "valuable" each IDN or, ideally, each component site of care, is to its specific product market. Claims data for the individual market merged with detailed IDN data helps the LSO optimize IDN outreach and drive share in that specific market. With the right data partner, the LSO can do so without the cost or operational burden of sorting through additional irrelevant data.
- A small LSO can use IDN claims information to understand the dollar value of the provider organization's business to a specific product in a market or therapy area. A larger LSO can use such information for its entire portfolio, based on volume data from the claims. Layering that on top of IDN demographic information yields details that the LSO can use to optimize sales and marketing efficiency.

LexisNexis® Health Care offers a Systems of Care approach with detailed data—demographic, claims and other—and the expertise and experience it takes to show LSOs what the data means.

- The demographic/profile data on IDNs that LSOs need is available in **LexisNexis® Provider Data MasterFile™**. Part of the **LexisNexis Provider Data Intelligence Suite**, it's the first stop on the firm's provider data continuum. A powerful solution, it provides robust and deep data coverage of more than 8.5 million U.S. health care practitioners and 1 million organizations. That includes 1,500 IDNs, with more than 67,000 parent/child relationships; 250 GPOs, with more than 94,000 purchasing relationships; 800 Accountable Care Organizations (ACOs), with more than 4,000 relationships to health care organizations and IDNs; and more than 2.7 million health care provider and health care organization affiliations. That data vastness enables LSOs to seamlessly integrate comprehensive provider information and understand their relationships across IDNs, GPOs, ACOs, payers and health care systems.
- The medical claims data needed is available in the **LexisNexis® MarketView™** solution, which delivers claims-based intelligence to pharmaceutical and medical device entities as well as health systems. By leveraging the industry's leading provider information database—the Provider Data MasterFile—and proprietary

analytics, MarketView analyzes provider claims, referral patterns and affiliations to help transform key business work streams, including marketing, sales, market research, network optimization and recruitment. MarketView enables customers to both identify high-impact practitioners and facilities within an IDN and understand how an individual physician is splitting time among facilities and where the physician is performing which procedures.

Optimize sales efforts with detailed IDN data and an exclusive, comprehensive view into Systems of Care

When an LSO has a partner with the right data and the best-in-class ability to identify and interpret key market dynamics, that LSO can paint a clear picture of how IDNs use its products, how much of its revenue each one represents, which providers are affiliated with which IDN and other details that are critical to crafting a sales force and a sales strategy in an integrated delivery network environment. LexisNexis offers industry-leading data, technology and insight to help navigate the increasingly complex and constantly evolving marketplace.

Sources:

- ¹ <http://www.modernhealthcare.com/article/20150307/MAGAZINE/303079978>
- ² <http://www.hraresearch.com/syndicated-reports/Understanding-Integrated-Delivery-Networks>
- ³ <http://social.eyeforpharma.com/column/idns-what-pharma-needs-know>
- ⁴ https://www.google.com/#q=2011_imda_keynote_address
- ⁵ <http://www.jhconline.com/group-purchasings-impact-on-spending-examined.html>
- ⁶ <http://pharmaceuticalcommerce.com/latest-news/which-are-the-top-integrated-delivery-networks-idns-and-how-many-docs-do-they-have/>
- ⁷ <http://www.definitivehc.com/hospital-data/top-10-largest-health-systems-by-member-hospitals>
- ⁸ http://www.imda.org/documents/2011Conf_Recap.pdf
- ⁹ <http://signorelli.biz/wp-content/uploads/2016/05/2016WP-From-Physicians-to-IDNs.pdf>
- ¹⁰ <http://www.healthstrategies.com/blog/idns-and-direct-contracting>

For more information call 866.396.7703 or visit
lexisnexis.com/risk/healthcare



Health Care

About LexisNexis® Risk Solutions

LexisNexis Risk Solutions (www.lexisnexis.com/risk) is a leader in providing essential information that helps customers across all industries and government assess, predict and manage risk. Combining cutting-edge technology, unique data and advanced analytics, LexisNexis Risk Solutions provides products and services that address evolving client needs in the risk sector while upholding the highest standards of security and privacy. LexisNexis Risk Solutions is part of RELX Group plc, a world-leading provider of information solutions for professional customers across industries.

Our health care solutions combine proprietary analytics, science and technology with the industry's leading sources of provider, member, claims and public records information to improve cost savings, health outcomes, data quality, compliance and exposure to fraud, waste and abuse.

Provider Data MasterFile, MarketView and Systems of Care solutions provided by LexisNexis are not provided by "consumer reporting agencies," as that term is defined in the federal Fair Credit Reporting Act (15 U.S.C. § 1681, et seq.) (FCRA) and do not constitute a "consumer report," as that term is defined in the FCRA. Provider Data MasterFile, MarketView and Systems of Care solutions may not be used in whole or in part as a factor in determining eligibility for credit, insurance, employment or for any other eligibility purpose that would qualify it as a consumer report under the FCRA. Due to the nature of the origin of public record information, the public records and commercially available data sources used in reports may contain errors. Source data is sometimes reported or entered inaccurately, processed poorly or incorrectly, and is generally not free from defect. This product or service aggregates and reports data, as provided by the public records and commercially available data sources, and is not the source of the data, nor is it a comprehensive compilation of the data. Before relying on any data, it should be independently verified.

LexisNexis and the Knowledge Burst logo are registered trademarks of Reed Elsevier Properties Inc., used under license. Other products and services may be trademarks or registered trademarks of their respective companies. Copyright © 2016 LexisNexis. All rights reserved. NXR11516-00-0916-EN-US