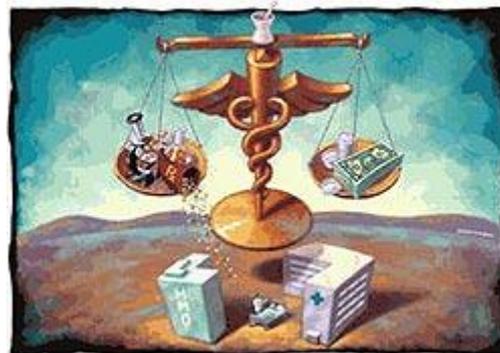




Using Company-Specific and Open Payments Data to Ensure Accuracy and Gain Insights

October 21, 2015



Disclaimers

- The comments made in this presentation represent the thoughts and opinions of the author and not necessarily the policies or positions of Actelion
- All examples used in this presentation are for the purpose of expressing a point and are not intended to highlight anyone or any one company in particular

"Huge volumes of data may be compelling at first glance, but without an interpretive structure they are meaningless."

-Tom Boellstorff

Ethnography and Virtual Worlds: A Handbook of Method

Our Objectives Today

Objectives

- Present a deep dive analysis on identifying insights
 - Showcase an “interpretive structure” to reach “meaningful” conclusions
- Discuss company-specific data elements that improve accuracy and insights
- Provide tips on how to spot errors within datasets

What Insights Are Available Within Your Own Data

Compliance Monitoring

- Modest meals
- Excluded specialties
- Fair market value 
- Minimum number of programs per speaker 
- Minimum attendance
- “Occasional” or similar quantity language
- Promotional / aggregate cap
- Speakers as attendees

Cost Containment

- Spending on non-HCPs and non-targets
- Speaker payments for cancelled programs
- Unused “minimum guarantees”
- Unapproved pass-through expenses

Top Line Growth

- No ROI on payments (we know!)
- Do some promotional programs have better results?
- How can you leverage this data to refine promotional tactics?

How else are you using transparency data?

A Very Quick Primer on “Fair Market Value”

What is FMV?

- “Arm’s length transaction between a willing buyer and willing seller”

Why is FMV important?

- Requirement of Personal Services Safe Harbor of the Anti-Kickback Statute

How is FMV arrived at?

- Many pharmaceutical companies develop a “cost-based” valuation
- FMV Calculators often factor in multiple variables such as:
 - Physician’s specialty
 - Key Opinion Leader (KOL) status (e.g., National, Regional, Local)
 - Duration of travel
 - Number of programs (e.g. per day)
- Most “Calculators”/Rate Cards round to even number payments

Gaining Insights On FMV

Question you might get from Management:

- Are we paying our speakers more than our competitor(s)?
- Are we paying more than the industry?

Questions you may need to answer instead:

- How do our payments compare within a specific specialty?
- Is our speaker utilization consistent with our strategy?
- Do we pay the same speaker more than our competitors?
- Is our tiering methodology consistent with the industry's approach?

Methodology

1. All CMS Payments



Nature 2 = “CFSOTC”

2. All Products



Product “A” and “B”

3. All Specialties



“Specialty 1”

4. All Dollar Amounts



Remove Outliers

Data Accuracy Opportunity => Review “Form of Payment”

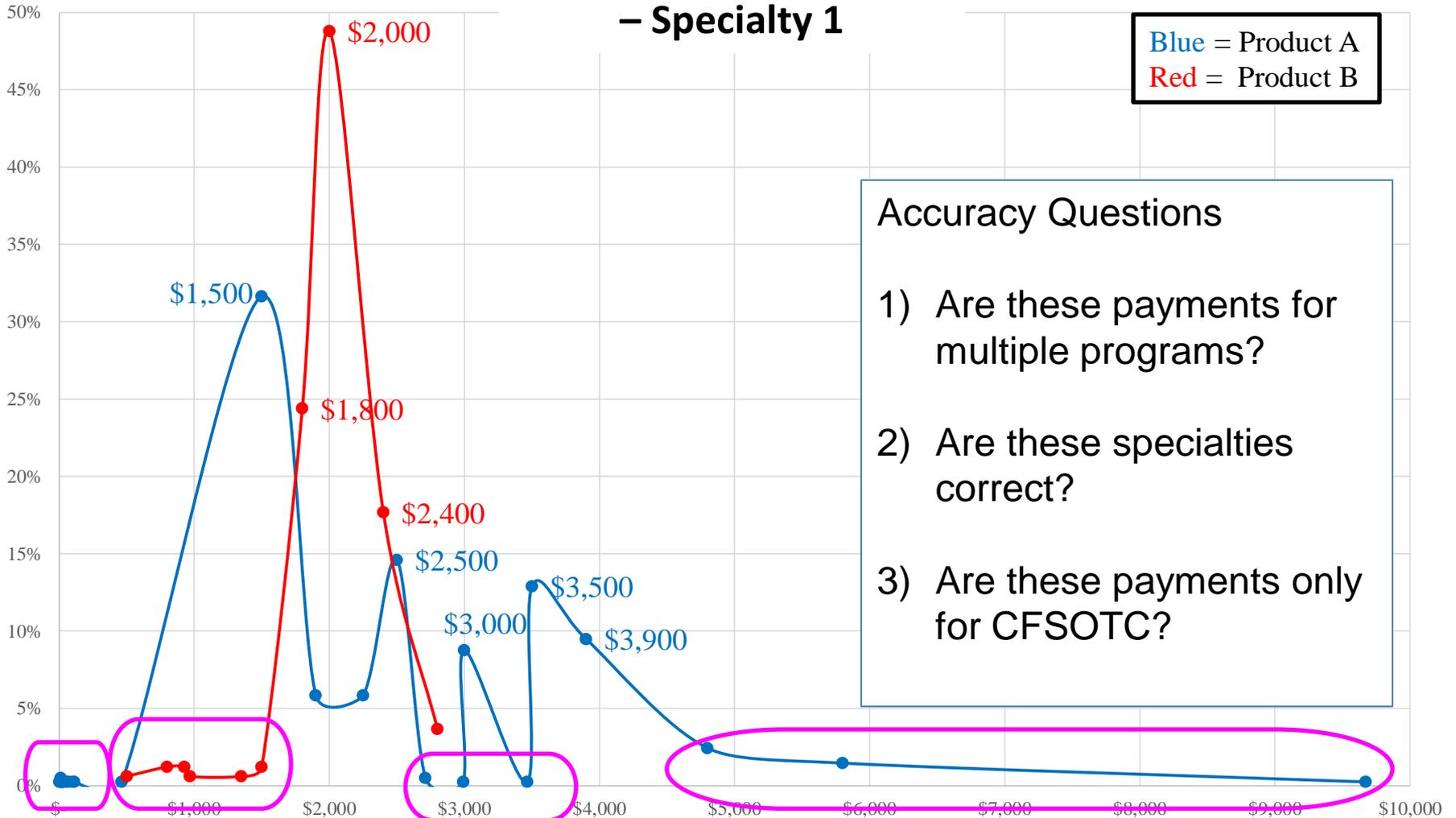
Speaker Fee Overview

	Comp. X – Prod. A		Comp. Y – Prod. B		Industry	
	Count	Avg.	Count	Avg.	Count	Avg.
1. Company X / Y	837	\$2,366	1,706	\$2,566	231,456	\$2,732
2. Product A / B	661	\$2,458	320	\$2,018	-	-
3. Specialty 1	411	\$2,423	164	\$1,998	9,442	\$1,313
4. "Cleaned" \$ Amt	382	\$2,547	163	\$2,004	6,844	\$1,626

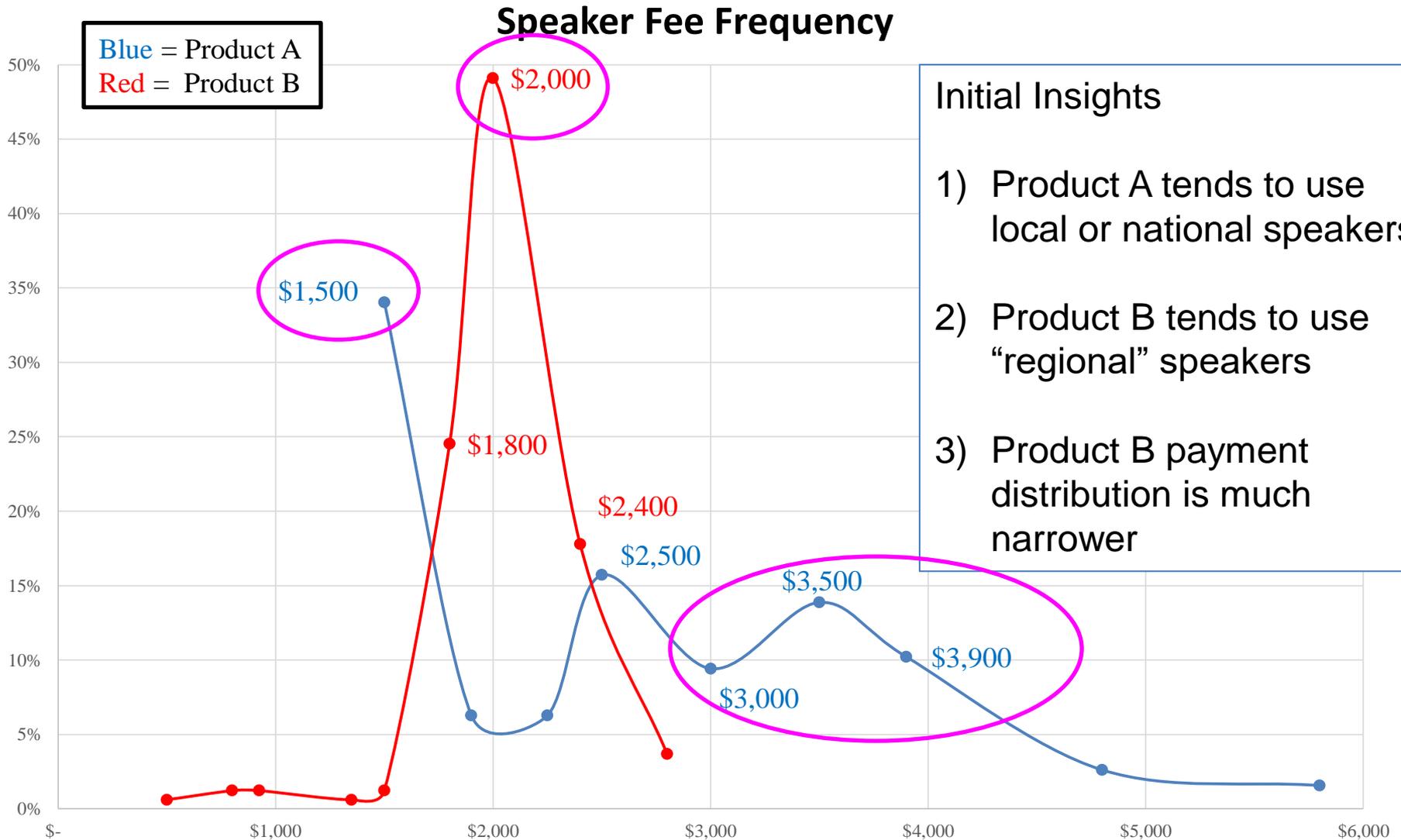
"Cleaned" function includes removing payments w/ decimal places and payments <\$100; >\$10,000

Product A and B Distribution of Speakers (Before “Cleaning”)

Speaker Fee Frequency – Specialty 1



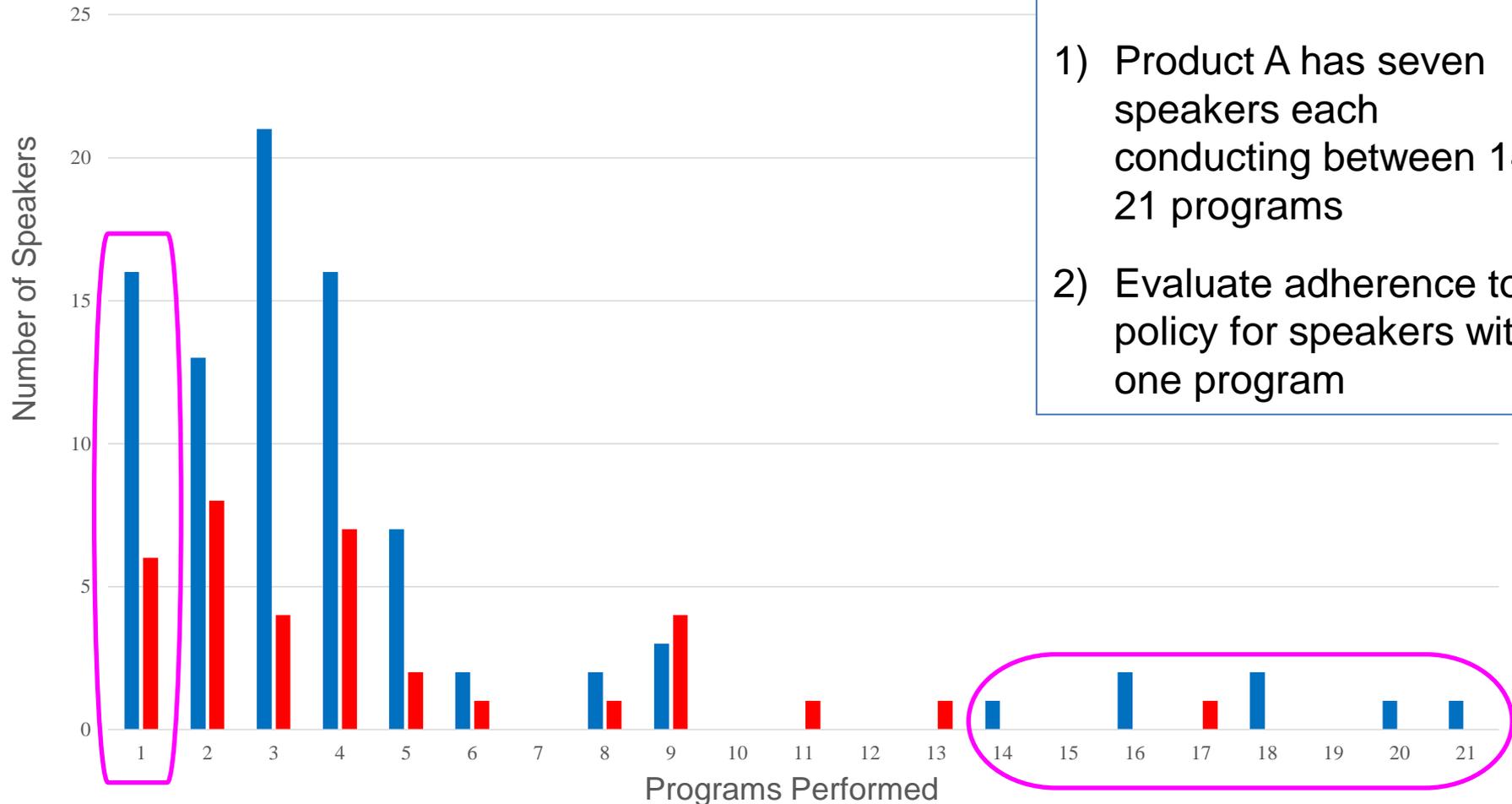
“Cleaned” Speaker Fee Distribution – Specialty 1



4. Physician Analysis: Number of Programs

Blue = Product A
Red = Product B

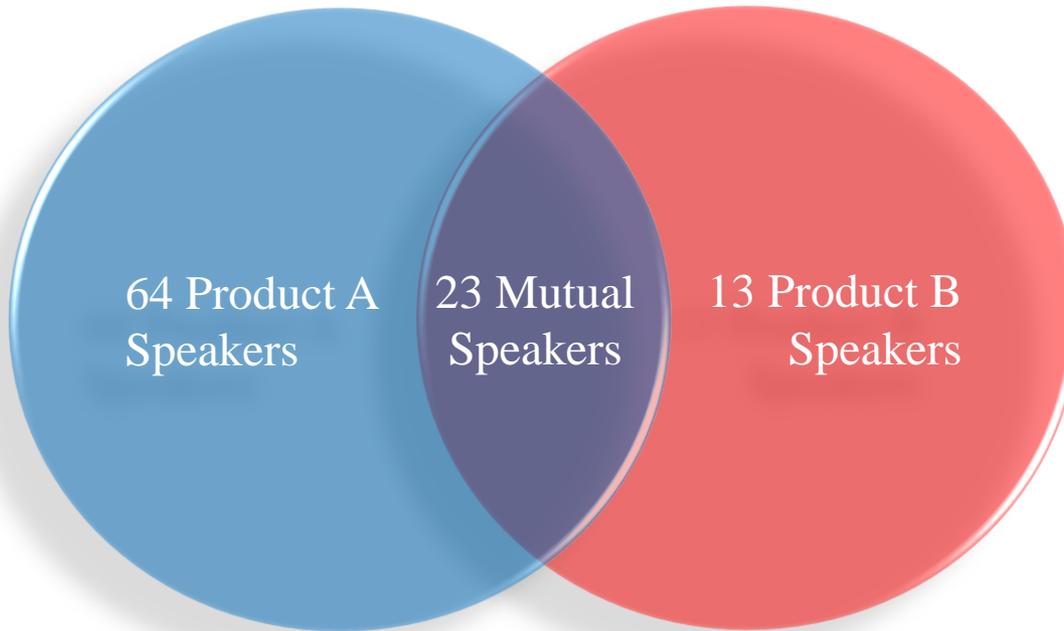
Speaker Fee Frequency



Potential Insights

- 1) Product A has seven speakers each conducting between 14-21 programs
- 2) Evaluate adherence to policy for speakers with one program

Product A and B had 23 Common Speakers



Potential Insights

- 1) Nearly 2 / 3 of B speakers also speak for Product A
- 2) Product A pays more on the higher end; Product B pays more on the lower end

Mutual Speakers Mode

Product A > Product B 17 Speakers

Product A < Product B 6 Speakers



In all cases, Company A paid >\$2,400



In all cases, Company A paid \$1,500 and B paid \$2,000

Summary of Conclusions About Product A and B

Speaker Program Implementation Tactics

- Product A had about 2x as many speaker programs as Product B
- Product A relied on Specialty 1 slightly more than Product B (62% to 51%)

Fee Insights

- Product A payments for Specialty 1 are about 25% higher “on average”
 - Product A tends to focus on use of a handful national KOLs
 - Product B tends to rely on regional KOLs

Same Speaker Analysis

- Both Product A and B compensate the same speaker more than the other
 - Product A pays more on the national KOL level
 - Product B pays more on the local KOL level
- Overlap between the companies is more prevalent at the national level

Additional Variables to Consider Within Transparency Systems

- Source-system transactional details (e.g. Purpose/Nature)
- Other attendee demographics (e.g., # of Non-HCPs)
- Specialty (as opposed to NPPES Taxonomy)
- Activity Description (e.g. speaker program title, reprint title)
- KOL status (e.g. local/regional/national)
 - Amount of travel required
 - Same day program?
- Event Status (e.g. “Cancelled Paid”)
- Employee information

Some Concluding Thoughts on Data Accuracy

- **Completeness Checks**
 - Are there transactions from all source systems throughout the year?
 - Do your Teaching Hospital payments match the current list?
 - Are your research studies consistent with ClinicalTrials.gov data?
- **Conformity Checks**
 - Are there blank or invalid fields?
 - Are there missing conditionally required fields?
 - Does the data match the required values?
- **Consistency Checks**
 - Are all products reported in the same way?
 - Does the same physician have the same demographic information?
- **Accuracy Checks**
 - Are all data points logically consistent?
 - Does the data reflect information in source systems / receipts?

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