The importance of health insurances as a target group for the pharmaceutical industry

Consequences for market research
Market Access Strategy

“Which target group is most important to talk to when launching a new Rx drug?“ Answers in %

- Stakeholder: 55%
- Health Care Professionals: 36%
- Patients: 9%
- Politics: 0%

Survey with 83 Market Access Specialists, Kienbaum Executive Consultants, Spring 2010
Health Insurances in Germany

- 167 Social Health Insurances (May 2010) with long-time history and single client base → consolidation and competition (236 SHI in 2007)
- All sizes: 8,5 Mio members (Barmer GEK) down to 900 members (B&V BKK)
- 48 Private Health Insurances (~ 10% market share)
Financing of Public Health Insurances

- **Until 2008:**
  - members
  - fee
  - hospitals
  - doctors
  - drugs

- **Since 2009:**
  - distribution key
  - fee
  - Health Fund
  - expenditures
  - Health Fund

Financing of Public Health Insurances

Example:
Peter Müller, Policemen, 51 years
Diabetes Type II with insulin therapy
Financing of Public Health Insurances

Example:
Peter Müller, Policemen, 51 years
Diabetes Type II with Insulin Therapy

Reduce costs! (improve therapy) 

2.798 € / year 

Distribution key

Health Fund

2.898 € / year 

Expenditure

AOK

925 € / year 

1.973 € / year
...a lot of activities were done:

- Free choice of insurance
- Rebate contracts
- Rebate contracts mandatory
- First Generic Tender Business
- First pilot projects between SHI and Pharmaceutical Industry
- Obligation to close selective contracts
- New contract models (risk share contracts, added value contracts...)
- 1996
- 2003
- 2007
- 2009
## Effects of Rebate Contracts: Generic Market

Tender of 14 insurances (AOK) within 64 molecules (99 Mio units)

<table>
<thead>
<tr>
<th>Tender</th>
<th>Accepted Tenders</th>
<th>Turnover MAT 04/10</th>
<th>Growth in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratiopharm</td>
<td>0</td>
<td>562 Mio</td>
<td>-12%</td>
</tr>
<tr>
<td>Winthrop (Sanofi-Aventis)</td>
<td>51</td>
<td>107 Mio</td>
<td>+107%</td>
</tr>
<tr>
<td>Axcount Pharma</td>
<td>5</td>
<td>13 Mio</td>
<td>+496%</td>
</tr>
<tr>
<td>Biomo Pharma</td>
<td>0</td>
<td>25 Mio</td>
<td>-28%</td>
</tr>
</tbody>
</table>

Source: IMS Health Flashlight Contract Management 2009, SHI Prescription Data April 2010
Changes in Pharmaceutical Companies due to new Trend

“How do you respond to increasing influence of health insurances?“
IMS survey at pharmaceutical companies, respond in %

- Implement Contract- and Account Management: 73.3%
- Integrated CRM-systems: 66.7%
- Up-sizing special sales force covering SHI: 56.7%
- New customer segmentations: 46.7%
- Staff for controlling contract management: 33.3%
- Down-sizing primary care sales force: 26.7%
Health Insurances as a Target Group for the Pharmaceutical Industry

Consequences for market research:

- Analyzing new data sources to provide information to all involved persons
- Ad hoc market research with this new target group
Share of Products with Rebate Contracts (Total Market):

### SHI-market sales

- 2008: 18 Bln €
- 2009: 19 Bln €

### Share of patent-protected products within rebate contract segment

- GKV-share in % (turnover)
  - 2008: 14%
  - 2009: 18%

### Additional Information

- Originals without generic competition = 435 mill. €
- 3,4 Bln €

Source: IMS Contract Monitor® National, April 2010
Impact of Rebate Contracts:
Example AOK Baden-Würtemberg

Source: Insight Health Kostenträger Analyzer
Impact of Rebate Contracts:
Example AOK Baden-Württemberg

Source: Insight Health Kostenträger Analyzer

Start of rebate contract
Health Insurances as a Target Group for the Pharmaceutical Industry

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The right Position for each Insurance?

- Premium insurance
- Added value contracts
  - Contract A
  - Contract F
- Popular insurance
  - Contract B
  - Contract D
- Discount insurance
  - Contract C
  - Contract E
  - Generic rebate contracts
The Agencies Point of View

- Health insurances might be a new research target group, but they are well known as clients

- In 1996, when free choice of health insurance was established in Germany, at least the big insurances started marketing activities

Need for market research!
Market Research Projects
- conducted for health insurance clients -

- Segmentation Analyses
- Product Concept (Acceptance) Tests
- Pricing Analyses
- Advertising Evaluation
- Evaluation of Disease Management Programs
- Mystery „Shopping“
- Analyses of Customer Loyalty
- Tests of Website Usability and Acceptance
Relationship between Health Insurances and the Pharmaceutical Industry

Topics of market research conducted by pharmaceutical industry

- **Strategy** (indications, patient target groups, disease management programs, integrated care, rebate contracts, …)

- **Co-operation** with pharmaceutical companies (industry image, relationship management, operational issues)

- **Additional information** like insurance image, public awareness etc.
Market Research with Health Insurances - Classical B2B-Research

- Challenges in terms of content -

**Interviews: Discussions with experts**
- highly qualified interviewers with good knowledge of health care system needed
- high level of expertise needed to draw conclusions and give recommendations that add a real benefit!

**Many stakeholders – different interests**

**On insurance side**
- insurances as public institutions often have very complex organizational structures ⇒ difficult to identify the right contact person(s)

**On clients’ side**
- sometimes difficult to find a concept that satisfies all involved departments
B2B-Research with Health Insurances

- Operational issues -

Target group difficult to reach

- difficult to get contact details
- time pressure - difficult to schedule appointments
- willingness to take part is limited
- methodological flexibility needed, e.g. mixed mode research designs

Incentives

- information as an incentive
- charity incentivizing
Case Study: Insurance Strategy

German Health Insurance Market: Trends in Strategy, Communication and Services

A qualitative study with decision makers

April 2010
Case Study: „From a Money Changer to a Service Provider“

In consequence of the "Wettbewerbsstärkungsgesetz" (law to strengthen competition) the health insurances had to face new challenges:

- An equal contribution rate of 14 percent replaced the price competition between the insurances
- New financing system (Health Fund, Morbi-RSA)

Re-positioning of health insurances, their internal and external business relationships and processes:

- Review and adjustment of strategies
- Study objective: Collection and analysis of opinions and new strategic approaches
**Case Study: Research Design**

**Sample: 36 Health Insurances**
- 4 x AOK
- 2 x Ersatzkassen
- 3 x IKK
- 25 x BKK (subgroups)
- 2 x LKK

**Participants:**
- 15 Board members and deputies
- 8 Heads of Corporate Development/Strategy
- 9 Heads of Marketing
- 4 Heads of Customer Service

- The involved insurances cover in total approx. **33.7 mio** insurants.
- Telephone interviews of 45 minutes (average)
- Incentives: Access to study results
Case Study - Conclusion: Strategy and Market Behaviour

➢ Due to the equal price rate, health insurances have severe problems differentiating themselves from their competitors

➢ Thus, there is a need to review and re-define their strategic positioning

➢ Two strategic approaches emerge:

  ➢ Growth Strategy: Using scale effects and market power in contracting to optimize costs. Merger as a strategic option.

  ➢ Niche Strategy: Focusing on certain target groups, by choosing specific topics and regional engagement
Additional Information on Health Insurances

To gain a comprehensive picture of health insurances, further information can be useful for the industry:

- Positioning of insurances (image)
- Assessment of insurance and its strategy by the insurants

Perception of insurance as a brand

Due to the fact that big health insurances act like brand manufacturers, plus they are perceived as brands, conventional market research methods can be applied.
Measuring Brand Perception – Standard Tools can be applied

BrandEngine®: Deutsche BKK

Brand Strength Deutsche BKK

- All respondants
- Insurants of the BKK
- Respondants who know the BKK

BrandIndex® – measured daily

- Conciseness
- Sympathy
- Purchase Willingness
- Satisfaction
- Conviction

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Top

AOK
BIG direkt gesund
BIG direkt gesund
SBK
GEK

Deutsche BKK
AOK
General Findings from an Agency’s Point of View

- Success factors for market research with health insurances are the same, that apply to other B2B-studies
  - Identification and Recruitment
  - Qualification of interviewers
  - Incentivizing
- Health insurances act like brand manufacturers – hence we can apply the same tools
Key Messages and Outlook:

- Health Insurances are becoming increasingly important as a target group for pharmaceutical companies.
- The company researchers need to take this development into account for providing their internal customers with the relevant information and consulting.
- Due to the complexity of the subjects and the specific features of the target group, there are special requirements of the research companies and the methods to be used.
ANY QUESTIONS?