The commercial managed care marketplace is evolving—becoming more complex and presenting an increasingly challenging business environment for pharmaceutical and biotech companies. This evolution is driven by policy changes—many of which have arisen from the Patient Protection and Affordable Care Act (PPACA)—as well as by the overwhelming need to control costs, increase efficiency, and increase the quality of care for health plan members. In the midst of this evolution, the role of the commercial managed care account manager is changing dramatically. The knowledge, skills, and behaviors that led to an account manager’s success in the past are no longer sufficient to ensure success today—and managed care leaders are only now beginning to realize the training implications of this gap.

As commercial managed care organizations (MCOs) move to address their evolving business challenges, their needs change—as do roles within the organizations charged with meeting their needs. For example, as MCOs increase their focus on quality initiatives, Quality Directors will have greater influence on participating hospitals and providers. And, as MCOs move to tighten the management of expensive drug categories, or to reduce the number of products with preferred status, P&T committee members and Pharmacy Directors will have even greater influence over formulary and pharmacy-benefit decisions. This means that the terrain is changing for the industry’s account managers. Goals that in the past could be achieved solely through interactions with Medical and Pharmacy Directors now may require interaction with a range of stakeholders from areas such as Pharmacoeconomics and Outcomes, Quality, Member Services, Provider Affairs, Sales and Marketing, as well as Executive Management. Efforts may also involve topics with which many account managers are not comfortable, such as quality initiatives, member services, health outcomes data, and the effects of PPACA. In this new environment, account managers require training on managed care issues and trends, healthcare reform, roles and responsibilities within MCOs, and how to approach interactions with customers outside of the Medical and Pharmacy departments. Ideally, this training should equip account managers to engage in mutually beneficial, needs-based dialogues with their MCO customers.

To determine account manager training priorities and how managed markets leaders envision these priorities evolving amid industry change, the Pharmaceutical Institute conducted a survey of managed markets leaders responsible for or involved in account manager training at pharmaceutical and biotech companies. Our findings, summarized in this article, reveal areas of account manager competency that, according to...
managed markets leaders, will require an intensified training focus in the future.

**Training Priorities**

The Pharmaceutical Institute’s survey results showed a strong need for training emphasis across nearly every area of functional competency within managed markets. In fact, a majority of training leaders indicated that, among 12 key areas of account manager training focus, nine areas will receive a “high” level of training emphasis by their organizations in the future. Competency development areas that will receive heightened training focus include strategic account planning, understanding health policy and its implications, value proposition development and delivery, account penetration beyond primary call points, strategies to leverage Medical and/or Pharmacy Director relationships, business acumen development, influencing the clinical review process, contract negotiation, and pull-through execution. We will discuss the first four of these topics in-depth.

**Strategic Account Planning**

A significant 71% of managed markets leaders surveyed indicated that strategic account planning will receive the highest level of training focus moving forward. Several factors are influencing this shift. Healthcare reform and market pressures are requiring health plans and payers to hold the line on costs, which is having an enormous impact on their decision making.

In the past, a major pharmaceutical company with a drug in a high-volume product class could reasonably expect to secure Tier 3 formulary status with little effort. With the right value proposition, Tier 2 (preferred) status was possible. But those days are quickly ending. Health plans are now placing fewer products per class on formulary and are putting in place more restrictions in terms of utilization management. Tier 3 status is no longer a guarantee, and many plans are setting such substantial co-pay differentials between Tier 2 and Tier 3 products that it is difficult for a patient or a physician to justify the cost. The industry is having to contract more for Tier 3 placement, or worse, is contracting to remove barriers to access such as prior authorizations in the Tier 3 position. A movement toward high-deductible health plans is also underway, shifting costs to the patient to drive up generic utilization.

As the stakes get higher, pharmaceutical companies are taking the management of these accounts more seriously—and taking steps to be seen as value-added partners who can bring more to the table. In accordance, account management teams will need to expand their scope in terms of who they consider appropriate targets within a strategic account. Increasingly, training will need to focus on the challenges of interacting with individuals outside the account manager’s sphere of comfort. Pharmaceutical account managers have traditionally interacted with Pharmacy department staff and Medical Directors. Many of the best account managers have already begun looking beyond these roles and have called on other departments, such as Quality, that can influence decisions on their products. All account managers will require training to understand the many different roles that exist within health plans, how those roles influence decision making, and the types of business problems with which those roles are grappling. This will unlock undiscovered opportunities for a pharmaceutical company to provide a solution, such as a disease management program.

Another trend forcing account managers to interact outside their comfort zone is health plans’ increased level of focus not just on cost, but on quality of healthcare delivery. As the industry shifts from a fee-for-service-only physician reimbursement model to models in which pay-for-performance is a key component, physicians have the ability to earn either extra payment or the maximum reimbursement by adhering to established measures of quality or other performance measures defined by the health plan.

It is important for pharmaceutical account managers to understand the implications of this trend as they begin to interact with a range of new stakeholders, such as a health plan’s Vice President of Quality, or a hospital’s Director of Nursing, who may supervise quality programs on behalf of the health plan.

**Healthcare Reform**

When asked what external factors are driving the most change within their organization’s account management role, managed markets training leaders responding to our survey overwhelmingly cited healthcare reform. Signed into law in 2010, the Patient Protection and Affordable Care Act contains a broad range of provisions that will have implications for insurance
companies, physicians, hospitals, patients, and the pharmaceutical industry. As these provisions come into effect slowly over the course of the next several years, understanding both the ramifications and the timing of these provisions will be critical for account managers as they navigate the complex managed markets environment. Account managers will also need to become adept at articulating the impact of healthcare reform.

One important provision within the healthcare reform legislation is authorization for the establishment of a nonprofit corporation known as the Patient-Centered Outcomes Research Institute, designed to conduct comparative effectiveness research (CER) and disseminate research findings. Comparative effectiveness research is the comparison of the health outcomes and clinical effectiveness between two or more medical treatments for the same disease state or episode of care. Legislators hope that the implementation of CER and its ability to identify cost-effective treatments will help curb healthcare costs. The “threat” of comparative effectiveness research was frequently cited by survey respondents as a factor driving change within the account manager role.

According to the survey, only 34% of respondents believe that a high level of emphasis is being placed by their organization on account manager training to establish a functional understanding of health policy and its implications. Asked to judge the current skill level of their account managers in this area, only 24% of managed markets leaders rated the skill level as high. To correct this deficiency, nearly all respondents plan to place a “high” or “moderate” emphasis on future training that delivers understanding of health policy and its implications.

**Value Proposition Development and Delivery**

It is important for account manager training to focus on enhancing a product’s value proposition through effective use of health outcomes data. Specifically, training should speak to how best to leverage various types of data in a selling or contracting situation.

Traditionally, account managers have been able to operate fairly well without extensive use of health outcomes data to underscore their value proposition. The value proposition was largely based on the clinical differentiation of the product, the concessions the company was going to give in terms of discounts, rebates, etc., and any value-added programs they might bring to the table.

However, with the increase in funding and support of comparative effectiveness research combined with continued cost sensitivity, account managers will need to understand CER and health outcomes data to successfully bolster the value propositions of their products. Accordingly, 63% of managed markets leaders surveyed indicated that training to support value proposition development and delivery will have a “high” level of focus moving forward.

**Engaging With the C-Suite**

Companies understand that the account manager’s ability to penetrate accounts beyond primary call points will be key to delivering successful contract and formulary outcomes. Among the survey respondents, 58% plan to institute a “high” level of training to penetrate accounts beyond their primary call points.

Account managers who wish to progress their relationships with health plans will need to develop the skills to have a realistic, mutually beneficial dialogue with C-level executives, such as CEOs, COOs, and CFOs. This requires a more sophisticated understanding of that customer’s operations, finances, and business model than account managers typically have today. Account managers will have to understand the particular business needs of the organization as a customer and how their products or other services can address those needs.

To achieve this new level of understanding, 61% of account management training leaders responding to the survey plan to focus on the development of business acumen among their teams moving forward. For these leaders, a resounding business acumen priority will be developing a practical understanding of a health plan’s financial situation.

**Conclusion**

In an environment increasingly shaped by health policy and cost-consciousness, account managers must have a deep understanding of the implications of policy changes, as well as new health plan policies and practices that seek to control costs either directly or indirectly. They will also need to improve their aptitude across a broader range of competencies than in the past. Comprehensive training programs can help account managers assess their competency, then develop...
the skills needed to perform vital functions such as creating needs-based account plans, penetrating the total health plan, and articulating a high-impact value proposition. In addition to functional training, courses on important emerging marketplace trends and evolving industry practices, such as comparative effectiveness research, appropriate use, and health plan quality initiatives, will help account managers thrive in today’s payer-dominated marketplace.

To download a summary of the Pharmaceutical Institute’s 2011 Account Manager Training Intentions Survey findings, please click here: http://www.pharmainstitute.com/articles/getfile.cfm?id=147

Source: Pharmaceutical Institute survey of 38 managed markets leaders responsible for or involved in account manager training at pharmaceutical and biotech companies. (March 1 through March 4, 2011).

About the author
Garry O’Grady was an award-winning sales professional before becoming a consultant to pharmaceutical and biotech companies. As the leader of the Pharmaceutical Institute, he brings an impressive background in sales and commercial training engagements to provide customized training solutions to pharmaceutical and biotech clients.