

# How Payment Delays Can Affect Brand Marketing at Launch

Using 100% Medicare claims data to answer key business questions

## Market Access

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**Background:** Medicare Administrative Contractors (MACs) are responsible for adjudicating and remitting payment for medical benefit services billed under Part B. Part B includes treatments in oncology, immunology, and vaccines often referred to as “buy and bill”. In 2017, we investigated pricing and payment variations across MACs and uncovered a key question that may affect physician revenue cycle management: what are the delays in payment processing time between MACs per product? Some treatments can cost tens of thousands per patient. As such, the ability to warn them of a potential 60 or 90-day reimbursement delay is critical in sustaining the trust of early adopters.

**About Medicare FFS Data from CareSet:** CareSet is known for publishing Medicare Teaming/Referral data and utilizing NPI numbers, a universal facility/physician identifier. CareSet has quarterly 100% of Medicare fee-for-service (FFS) claims, such as Part A (Hospital benefit), B (Outpatient Benefit), C (Medicare Advantage), and D (Pharmacy). Medicare has no blackout markets or accounts, and all Part A and B claims flow through MACs who employ adjudication software to process payments. More about MACs: <https://www.cms.gov/Medicare/Medicare-Contracting/Medicare-Administrative-Contractors/Who-are-the-MACs.html>.

## BUSINESS QUESTIONS

- ❖ Do Medicare Administrative Contractors (MACs) across the nation take a similar time to reimburse new products?
- ❖ Have MACs placed access barriers for any brands that impact their market share?
- ❖ How much does each MAC contribute to the manufacturer's total Medicare business?

## METHOD

To perform the analysis, we selected 25 medical benefit, “buy and bill”, products across several therapeutic areas (TA). We used administration and payment dates embedded in Part B FFS claims history, to develop descriptive statistics to visualize the average delay in terms of “days to process”. The analysis was calculated over a 2.5 year period to cover several launches in each TA.

Buy and bill claims were separated by brand, therapeutic area, and MAC jurisdiction using a claims database. Descriptive statistics were calculated for the average delay for each brand, by MAC and month, then visualized in line charts for communication throughout the pharmaceutical manufacturer, and for external use.

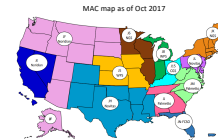
- ❖ AMD/DME
- ❖ Rheumatoid Arthritis
- ❖ BioOncology
- ❖ Multiple Sclerosis
- ❖ Hemophilia



## Medicare Administrative Contractors Jurisdictions

- 12 Medicare Administrative Contractors share 53 U.S. States and territories. MAC to State Crosswalk includes MAC Jurisdiction ID, State, State Abbreviations, & Contractor Name.
- MACs process all of CMS' Fee-For-Service claims.

MAC	MAC	States
S	WFS	IL, IA, MO, NE
G	NGS	IL, IN, WI
E	WFS	IN, WI
IS	CGS	KS, OK
E	Nordian	AL, GA, KY, IN, MI, MN, NY
F	Nordian	AK, AZ, BS, MT, ND, OR, SD, UT, WA, WY
H	Nordian	AR, CO, LA, MS, NM, OK, TX
J	Cahaba	AL, GA, TN
K	NGS	CT, ME, MA, NH, RI, VT
L	Nordian	DC, DE, MD, VA
M	Palmetto	NC, SC, VA, WV
N	FCSO	FL, PA, HI



## Additional Days to Reimburse Brand X & Z compared to Brand Y

Jurisdiction Area	MAC	Brand Y	Brand Z	Brand X
S	WFS	36	-17	-14
G	NGS	25	-5	-5
B	WFS	38	+13	+10
IS	CGS	24	-10	-10
E	Nordian	27	+2	+2
F	Nordian	23	+2	+2
J	Cahaba	22	+1	+7
L	Nordian	23	-8	-8
M	Palmetto	22	+4	+7
N	FCSO	29	+18	+18
All MACs Average		27	+2	+9

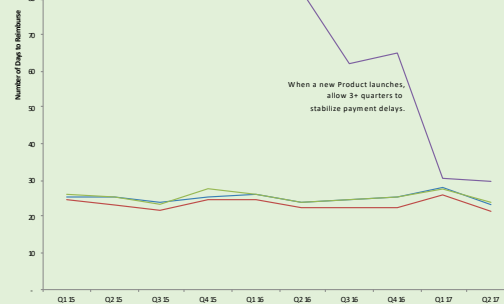
Note: Only those jurisdictions were included which had claims for reimburse Brand X, Y, and Z.

## Market share can vary widely across different Jurisdiction Areas

Market Share based on Claims Count based on rolling 12 months ending Jun 2017

Jurisdiction Area	MAC	Brand Q	Brand R
S	WFS	34.6%	65.4%
G	NGS	18.8%	81.2%
B	WFS	24.7%	65.3%
IS	CGS	21.9%	78.1%
E	Nordian	36.5%	63.5%
F	Nordian	31.0%	69.0%
H	Nordian	25.1%	70.9%
J	Cahaba	46.9%	53.1%
K	NGS	26.0%	74.0%
L	Nordian	38.9%	61.1%
M	Palmetto	27.4%	72.6%
N	FCSO	35.4%	64.6%
Total		32.1%	67.9%

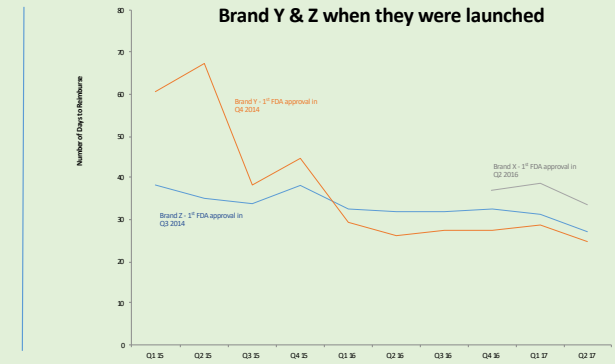
## It takes 3 quarters until time to reimburse for Brand A reached the level of products in class



When a new Product launches, allow 3+ quarters to stabilize payment delays.

## RESULTS

## Time to reimburse Brand X is in range of Brand Y & Z when they were launched



## INSIGHTS AND APPLICATIONS

- ❖ **Key Insight:**
  - No MACs place access barriers, but almost all of the MACs take longer to reimburse new products.
  - MACs take on an average 25 to 45 days to reimburse across all TAs. This may influence the prescribers decision to prefer inline products over newly launched products.
- ❖ **Key Insight:**
  - Although MACs don't place any policy barriers, the market share of a product could vary significantly across different regions. Regional strategies should be developed for the geographies that are underperforming.
- ❖ **Regional Insight:**
  - MACs in Midwestern states (WFS) and FL (FCSO) are slowest in reimbursing and take up to 2 additional weeks to reimburse.
  - New product launches have more variation at the MAC level and the variation is greatest in the Midwest (NGS) & West (Nordian). Launch teams should take into consideration regional differences for launch planning, strategy, and sales messaging.

## FUTURE APPLICATIONS

- ❖ **Forecasting:** Access to 100% of Medicare claims improves understanding of sales volumes and can improve forward-looking sales forecasting.
- ❖ **Spillover Analysis:** Medicare claims can be used to understand spillover coming from other payers.
- ❖ **Targeting:** Leverage facility/physician-level market basket claims information to identify potential targets.