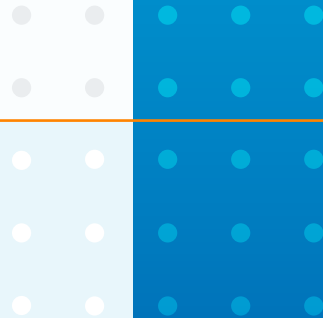


IMPROVE COMPLIANCE WITH INTELLIGENT MEMBERSHIP MANAGEMENT



Model **N**



EBOOK

For pharmaceutical companies, effective management of master data is critical to mitigating risk and maximizing revenue. Unfortunately, the activities required to ensure accurate and complete customer profiles and parent-child relationships are typically manual and very time consuming. Due to limited resources, these activities are often overlooked, resulting in duplicate or incorrect customer data, incorrect pricing, inefficient chargeback processing, and government pricing violations.

63%

of pharmaceutical executives believe that identifying and closing all sources of revenue leakage would impact overall revenues by 4% or more.¹

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¹ "2020 State of Revenue." Model N. 2020. <https://www.modeln.com/wp-content/uploads/2020/04/modeln-stateofrevenue20.pdf>

Massive quantity + inconsistent quality =
significant operational challenge

Model **N**



Massive quantity + inconsistent quality = significant operational challenge

Membership information is provided to pharma companies on a regular basis, in cumbersome files with numerous data fields. These files must be reviewed and compared to the current master data for validation. Data elements such as identifiers, addresses, class of trade, and other customer attributes must be continuously updated and maintained. Additionally, parent-child relationship changes, additions, and end-dating must also be identified and applied to make sure the right customers have access to the right prices.

The process is further complicated by the fact that data is often submitted inconsistently (e.g., street, st, st.), requiring analysts to create a standardized field based on the company's standard operating procedure.

Another potential problem arises during the chargeback adjudication process, where there are often indirect transactions that return an error indicating that the ship-to customer provided is not found in the system. This means data analysts must determine if the customer exists but perhaps with a different identifier than what was provided, as well as determine if the customer is eligible for the contract that was submitted by the wholesaler. Indirect customers are often not maintained in the organization's enterprise resource planning (ERP) system, requiring analysts to create and manage them through another process.

Lastly, pharmaceutical companies contract with integrated delivery networks (IDNs) and other hospital groups that have specific sets of providers designated on the contract as eligible for the negotiated pricing, rebates, and fees. Analysts must compare this list of providers to the current master data and apply the appropriate updates or additions.

Clearly, proper management of this data requires an enormous amount of time and attention to detail to get it right. Getting it wrong can result in misalignment of critical identifiers with customer transactions, resulting in a host of problems.



Examples of customer data elements that require frequent updates and are typically maintained regularly include, but aren't limited to:

- **Identifiers:** Healthcare industry number (HIN), drug enforcement administration (DEA), 340B Drug Pricing Program ID
- **Addresses:** Street, city, state, ZIP code, country
- **Class of trade (COT):** Long-term care, hospital, outpatient clinic, retail pharmacy, wholesaler, etc.
- **Customer attributes:** Letter of commitment status, census beds, etc.

Potential impact of customer misalignment

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Potential impact of customer misalignment

From revenue loss to customer service issues to government penalties, the consequences of poor customer and membership data are many. Here are a few common scenarios of what can go wrong.



Duplicate customer records – One customer could possibly end up being eligible for multiple contract prices for the same product, resulting in mass confusion and lost revenue. It’s also very difficult to report accurately on a customer’s sales if they’re spread across multiple records.



Incorrect contract pricing eligibility – When the wrong customer gets the wrong price, both revenue and customer satisfaction suffer. And if a non-340B Drug Pricing Program entity gets 340B pricing, the manufacturer’s risk of government noncompliance increases. In addition, inaccurate pricing impedes the manufacturer’s ability to correctly calculate administrative fees and rebates.



Incorrect rebate, fee, and chargeback payments – Overpaying results in revenue loss, while underpaying leads to unhappy customers – not to mention the extra work required to research and correct the problem, taking the team away from value-add activities. What’s more, inaccurate calculations can cause loss of trust from customers as well as internal stakeholders, including sales, finance, and operations management teams.



Government pricing issues – Miscalculations in government pricing can result in huge fines or, in a worst-case scenario, Medicaid ineligibility.

Introducing an intelligent,
automated solution

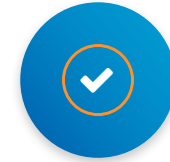
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Introducing an intelligent, automated solution

Model N Advanced Membership Management solves these challenges by giving pharma companies the ability to automate the creation and management of customers and hierarchical relationships.

It utilizes sophisticated matching logic to evaluate customer and/or membership data to initially determine if each customer exists. If the customer does not exist, a new customer record is proposed for potential additions to the master data. If the customer does exist, the matching logic evaluates the customer and membership information provided in the file, determines the elements that do not match, and proposes updates to the customer record in a format that's easy to review. Once approved, the changes are then applied to the master data, membership data, and appropriate contracts, as needed.



Model N Advanced Membership Management capabilities:

- Partner-specific mapping sets and data transformation options streamline the roster import process and standardize customer master data.
- Smart matching logic utilizes complex algorithms to ensure that submitted customer information is compared to the existing customer database to identify and propose potential updates and new customers as appropriate.
- Proposals are grouped by type for efficient processing.
- Platform is currently designed to support provider-based contracting and related processes.

Advanced Membership Management

Roster processing in three steps



Import rosters and customers

Entry area
Easy data mapping

Validate | Research

Comparison to existing partners
Error correction
Inserts and updates

Update master data

Create new partners
Update membership
Automate roll-down to contracts

The value of standardization, enrichment, and automation

Model **N**



The value of standardization, enrichment, and automation

Applying the three-step roster processing approach used by Advanced Membership Management can significantly reduce error-prone manual tasks (freeing up five to six full-time employees), improve profitability margins, and lower the risk of government non-compliance.

Increase operational efficiency

- Decrease the amount of time spent manually evaluating submitted customer and membership file data, comparing to existing master data records, evaluating for duplicates, creating new customers, and editing existing customers.
- Reduce chargeback errors and spend less time processing chargebacks.
- Minimize the need to retroactively research and correct previously paid chargebacks, rebates, and fees.

Protect the bottom line

- Reduce revenue loss from customers mistakenly getting access to lower pricing.
- Avoid overpaying rebates and administrative fees, which are sometimes unable to be recovered.
- Retain the trust – and business – of partners by improving the accuracy of payment and pricing calculations.

Ensure compliance

- Reduce the risk of government pricing errors and non-compliance.
- Avoid fines, which can amount to as much \$100 million for high-tier companies.
- Lower the chance of contractual non-compliance and ensure volume-tier requirements are met.

Improve business insights

- Provide faster, more confident reporting based on accurate customer and membership data.
- Achieve higher customer satisfaction and gain a competitive edge.

\$1M

Save as much as \$1 million in operational efficiencies

\$10M

Protect as much as \$10 million in revenue

\$100M

Avoid as much as \$100 million in fines



340B Drug Pricing Program

Section 340B of the Public Health Service Act requires pharmaceutical companies participating in Medicaid to sell outpatient drugs at discounted prices to healthcare organizations that care for many uninsured and low-income patients. Half of all the pharmacies in the U.S. serve as contracting pharmacies (CPs) for 340B covered entities (CEs).

With multiple CPs filling prescriptions for multiple CEs, reconciling who is using what product, for what facility, under what price, can be a processing nightmare ripe for fraud and revenue leakage. Additionally, by inadvertently extending a 340B price to the retail arm of the CP, companies can face government pricing implications that ultimately increase liabilities on Medicaid or other programs and put themselves at risk for fines and penalties for misrepresentation.

Model N Advanced Membership Management helps track 340B IDs, cross-reference IDs, identify program start and end dates, and handle retroactive 340B eligibility. This helps ensure only eligible CEs and their designated CPs are sold products at the 340B price. This process is an important step in the end-to-end management of the 340B program and one of the steps required to prevent duplicate discounts.

Ready to accelerate your customer alignment process?

Schedule a demo to see Advanced Membership Management in action.