

## Research Summary

April 2011

### **Institutional Channel Assessment**

#### *Strategic Implications of Market Trends on the Institutional Channel*

#### Summary

New in 2011, Health Strategies Group's **Institutional Channel Assessment** service analyzes strategic market trends and opportunities within hospitals, health systems, and group purchasing organizations. It provides the strategic foundation for pharmaceutical and biotechnology companies to assess, decide, and plan for success in the institutional channel. *Strategic Implications of Market Trends on the Institutional Channel* summarizes key management trends and focuses on identifying appropriate responses to trends affecting health systems, hospitals, and group purchasing organizations.

#### Highlights

##### ■ Healthcare Reform Policies Creates Significant Compliance Challenges

Institutional channel stakeholders believe the key to improving operational and financial performance lies in effectively addressing nine current market trends. As institutions struggle with reduced reimbursement, they simultaneously face increased demand for care quality improvements, demonstrated successful patient outcomes, and minimized avoidable readmissions, resulting from Healthcare Reform Act provisions.

#### Market Trend Influence

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##### Top of Mind

- Increasing care quality
- Reducing costs to compensate for declining reimbursement
- Implementing HIT / EMR technology

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##### In Development

- Minimizing avoidable readmissions
- Changing revenue streams
- Implementing initiatives to meet Healthcare Reform Act requirements

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##### Big Picture

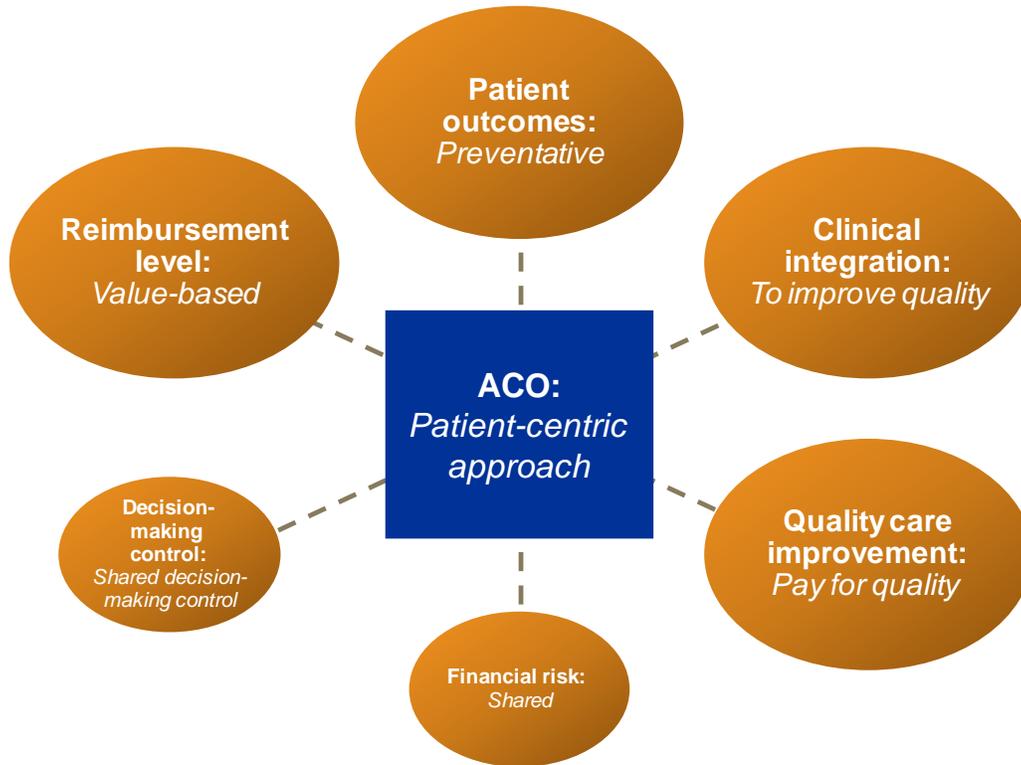
- Establishing an ACO
  - Increasing the number of factors leading to non-reimbursement
  - Acquiring physician group practices to standardize care
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Source: Health Strategies Group, Institutional Channel Assessment, April 2011.

■ Many Institutions Develop ACOs to Improve Quality and Maximize Reimbursement

With vested interest in prescribing cost effective treatments, complying with formularies, and following recommended treatment guidelines, manufacturer influence on physician treatment choices will decline, creating a difficult paradigm for manufacturers lacking product outcomes and pharmacoeconomic data.

Relative Importance of ACO Measure



Source: Health Strategies Group, Institutional Channel Assessment, April 2011.

■ Quality Drives Clinical and Financial Performance

As institutions seek care quality improvements to maximize revenue and reimbursement, manufacturers that understand quality program goals, timelines for implementing changes, and high-impact strategies can build partnerships by assisting institutional customers improve their operations.



**Institutional Channel Assessment** provides a complete assessment of customer needs, strategic market trends, and opportunities within hospitals, health systems, and group purchasing organizations (GPOs). When the Institutional channel has been identified as a priority for your company or brand, Institutional Channel Assessment provides the strategic foundation to assess, decide, and plan for Institutional channel success; and provides practical recommendations to improve. For more information on the service, please contact Nicole Stonewall, Director, or Tom Lennox, Senior Consultant, at (609) 397-5282, or email [ICA@healthstrategies.com](mailto:ICA@healthstrategies.com).



**Institutional Channel Assessment**, *Strategic Implications of Market Trends on the Institutional Channel* research is now accessible for clients at [www.healthstrategies.com](http://www.healthstrategies.com).