



# How Trainers



# Can Support Risk Contracting

Many learning and development teams are being asked to offer training on risk contracting, an industry trend that continues to evolve.

Ron Cantrell, PhD, head of US pricing and payer analytics, managed markets, and government affairs at GlaxoSmithKline, says risk contracts are fundamentally different from traditional contracts that focus on securing access and providing rebates. "You have to make sure that all parties, including account reps, understand how the model works," he says. "The last thing you want is to have the customer feel like they need to educate you or your account team."

As a trainer, you can ensure the success of your company's risk contracts by making sure your sales team understands:

- Common concepts in risk and risk sharing
- Key factors driving the shift to risk sharing
- Types of risk used in contracts
- Examples of risk-sharing arrangements
- Opportunities for life science companies

With this knowledge, your sales team will be better equipped to address the following.



## Do you understand the customer's business model?

This involves recognizing the population the customer serves. For example, does the customer serve a high percentage of patients with Part D coverage? "Because of the economics of Part D, Part D plans are more fertile ground for risk contracting than commercial plans for many kinds of products," says Bruce Pyenson, FSA, MAAA, principal and consulting actuary at Milliman.



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## Can you define what an actuarial model is and how it is used?

“Risk contracting starts with an actuarial model,” says Gabriela Dieguez, FSA, MAAA, principal and consulting actuary at Milliman. The model takes into account medical insurance data, population health data, clinical study data, company goals, and risk templates from the insurance industry.

“In these complex models, we look at historical experience and financial projections,” Dieguez says. “We also define targets, goals, and thresholds and determine if we are going to risk-adjust. We also must determine the measurement period



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## Can you define what an actuarial model is and how it is used? ...continued

and when we are going to do a reconciliation of the settlement.” In addition, actuaries consider any outliers or catastrophic events that should be excluded from the contract.

Good data is essential for effective risk contracting. “Now, we have years of experience working with massive amounts of real-world data that can inform and guide those contracts and help us set goals and thresholds,” Dieguez says.



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## Do you take a broader view?

Patrick Cunningham, director, integrated care, global diabetes and cardiovascular division at Sanofi, says sales teams need to understand the multiple comorbid diseases that also could have an impact on that patient. "It's about taking a broader lens on the clinical state and understanding how it impacts the finances and the risk that an insurer will hold," Cunningham says. "You need that understanding if you are going to successfully execute risk contracts."



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## A New Path to Partnering with Key Customers



CMR Institute and Milliman, the leading provider of actuarial consulting services to the healthcare industry, have partnered to create expert **RISK CONTRACTING TRAINING RESOURCES** to prepare your commercial sales team for this new business model.

This streamlined eLearning program will prepare your team to:



Define the critical success factors for a risk contract



Speak confidently with payers and providers by having a marketplace-applicable understanding of risk sharing



Realize how sales and training strategies can support future contracting efforts



Our newest eLearning program will **OPTIMIZE MARKET ACCESS** by preparing your sales team with a market-applicable understanding of risk-sharing partnerships.