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Managed Care Study Finds Consumer Demand Has Almost No Effect on Formulary Decisions

-- Study by MedPanel and Grey Healthcare Probes Formulary, Medical Management and Contracting Practices in Managed Care Companies --

CAMBRIDGE, Mass., April 27, 2004 /PRNewswire/ -- A study conducted with Pharmacy and Medical Directors from a cross-section of managed care organizations (MCO) from Massachusetts to Hawaii, found that consumer demand for drugs and treatments has little or no influence on formulary decisions in managed care organizations. The study, which included MCO executives from Colorado, Hawaii, Kentucky, Massachusetts, and Nevada, found that employers and employer groups are the key influencers over MCO decisions relating to drug coverage. Collectively, these plans cover more than 22 million lives. One panelist commented, "We view the physician as a consumer, a little; we view the employer who buys the insurance as a consumer, a little; we view the patient as a consumer, very little."

The panel of executives concluded that while direct-to-consumer (DTC) advertising often spurs consumer demand for therapeutics, in fact safety, efficacy and cost drive the formulary decision process for insurers. Panelists asserted that there are very few instances where consumer demands have a significant impact on formulary inclusion decisions. The MCO executives tended to believe that cost containment, as well as the protection of consumer interests, is achieved by limiting drug choice. The panelists believed that, as long as cost remains a significant issue in the healthcare system, an increase in consumer influence over drug formulary decisions is unlikely.

The executives suggested that low consumer influence is also due to the lack of a unified organization to represent consumer healthcare interests. Further, panelists tended to believe that consumer demand for drugs is fickle -- easily influenced by DTC advertising, then dismissed quickly in exchange for true scientific knowledge.

Other findings from the study include:

- Physician opinion leaders can have significant influence over formulary decisions if these opinion leaders are viewed as talented clinicians who are not directly influenced by pharmaceutical companies.
- New Office of the Inspector General guidelines, which restricts the activities between physicians - and other organizations - and pharmaceutical companies, have had little impact on the way managed care companies do business with pharmaceutical manufacturers
- MCO outcomes studies are typically conducted independently of pharmaceutical companies.

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have greater strategic control over the development and commercialization of products, and lower costs overall. Through unparalleled access to clinicians, medical thought leaders and healthcare professionals, and through its interactive, asynchronous approach to medical panels and surveys, MedPanel is able to deliver to fast, unbiased, cost-effective and actionable data. MedPanel is a global organization based in Cambridge, Massachusetts.

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