WHITE PAPER

Winning the Long Game: Life Sciences Companies Must Focus on Market Access – Not Just Clinical Trials

Three data-driven strategies that life sciences companies can use to foster new drug adoption in the real world.

PRESENTED BY:

PurpleLab® HEALTHCARE ANALYTICS

PUBLISHED BY:

FIERCE Pharma

MARCH 2025

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2,190 to 2,555 days. 312 to 364 weeks. Six to seven years. No matter how it's quantified, it's a considerable chunk of time. Unfortunately, that's how long it typically takes from the beginning of clinical development to regulatory approval for new drugs, according to a frequently cited study from the Tufts Center for the Study of Drug Development.[1] And, every delay pushes back potential treatments for patients, potentially resulting in undue suffering and, in some cases, death.

Therefore, it's unsurprising that life sciences companies are eager to get their new drugs to healthcare providers – and, most importantly, patients – quickly after these treatments are approved. The problem: Pharmaceutical market access – the process of ensuring a drug is not only approved but also commercially viable, reimbursed and accessible to patients – is challenging and could consume more precious time, leaving patients hanging without the benefits of innovative treatment.[2]

In fact, according to analysis from consulting firm Deloitte, more than 50% of life science company drug launches miss expectations due to market access challenges, and about 50% of these companies also struggle with an inadequate or incomplete understanding of market and customer needs.[3]

As such, life sciences companies face two challenging hurdles: get drugs through the regulatory approval process and ensure that needed treatments reach the right patients at the right times and at affordable prices. To accomplish optimal market access, life sciences companies must work closely with payers to demonstrate the clinical efficacy and cost-effectiveness of their products. Payers have significant, if not unilateral, control over which drugs are placed on formulary and, in turn, are approved for reimbursement under various plan designs.

To successfully work with these gatekeepers, however, life sciences companies must acknowledge the realities associated with a complex and changing regulatory environment, where payers are expected to continue to manage and, in some cases, decrease their overall drug spend.

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According to the Centers for Medicare and Medicaid Services data, healthcare provider participation in value-based care models has risen by 25% from 2023 to 2024. The global value-based care market, initially valued at $12.2 billion in 2023, is forecasted to surge to $43.4 billion by 2031, marking a 14.6% compound annual growth rate.[4] As a result, life sciences companies need to not only provide price transparency but also prove to payers that new drugs can address issues of long-term cost-effectiveness and clinical efficacy – key components of success under these increasingly prevalent value-based care models, which tie payments to outcomes.

“Payers make formulary tier and coverage decisions based on the clinical and economic value that they see for their beneficiaries and medical expenditure budgets. As a result, life sciences firms need to produce evidence that demonstrates that value in the context of other treatment options,” said Stephan Dunning, Senior Director of Real-World Evidence Solutions at PurpleLab.

Drugs need to undergo an extensive clinical trial process to earn the right to be marketed by life sciences companies, but any drug’s uptake in the marketplace requires generation of the product’s utility in real-world settings.

"Clinical trial results are one dimension of arming market access teams with data, but more often payers are seeking to make coverage and reimbursement decisions based on real-world experience," Dunning said. "Insurance companies are risk averse by design. Payers – both public and private – are looking for evidence of real-world value to mitigate the risk of health expenditures that don't meaningfully improve patient outcomes."

Market Access Strategy #1: Identifying the Right Payers

Fortunately, real-world data can support specific strategies that will help them more quickly and effectively gain market access for new drugs and, therefore, meet reimbursement challenges.

Of course, to substantiate a drug's potential, it's a given that life sciences companies need to incrementally show the value over time. But life sciences companies can do more. For example, an analysis of open claims data, which provides payer mapping insights, can help life sciences companies act even more strategically by identifying the payers that are more likely to enter into a pilot program or share in the financial risks associated with a new treatment.

"Life sciences firms can leverage that data to identify regions or population subsets affiliated with an innovative payer and propose partnering on pilot programs (e.g., a geographic subset) for demonstrating real-world value," Dunning said. "Approaching payers with a value demonstration program may prove more fruitful than attempting to negotiate broad coverage of a new therapy with only RCT results."

More specifically, analyzing the uptake of preceding treatments in the data "may reveal that smaller, regional plans and payers appear willing to do real-world pilots ... or possibly larger payers may be open to defining certain regions or populations to support the value new treatments might show before covering their populations more broadly," Dunning explained.

In addition, with such data, life sciences companies can more convincingly sell the value associated with new drugs for

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Senior Director of Real-World Evidence Solutions
PurpleLab

specific patient populations. “There’s so much granularity available in open-source claims data, which makes it possible to go to payers and say, ‘this is what we’re seeing in your population, and here’s how we could partner to increase treatment accessibility and provide value to you and your members,’” Dunning said.

Life sciences companies can also leverage real-world claims data to understand which payers address specific therapeutic areas and how payers cover competitor drugs. This knowledge can then be used to identify gaps in formulary coverage and position a new drug as a preferred alternative.

Market Access Strategy #2: Understanding Payer Preferences

Real-world data can be used to understand what makes specific payers tick. More specifically, data can help identify payer preferences for specific drug classes, treatment pathways, or cost-saving measures and, in turn, tailor value propositions to align with these leanings.

If life sciences companies want to act even more strategically, they can also use data to support formulary discussions with payers. As such, life sciences companies can work with payers to evolve the standard of care over time and perhaps to even influence medical policy.

"Ideally, we'd like to see those medical policies and reimbursement evolve to support the more effective and possibly lifesaving treatments as they become available," Markward said. "There are opportunities under various value-based arrangements, whether it's with CMS and the federal government or with commercial payers, to develop innovative payment strategies that are driven more by value and performance as opposed to just volume."

To change payer preferences, life sciences companies must collect and analyze provider data. While doing so, life science leaders might identify which providers are likely adopters of new treatment options with specific patient populations. From there, life sciences companies can directly engage with those providers to better understand their care models. Such outreach can lead to "insights that might not show up in claims, for example, reasons that providers and patients are inclined to switch therapies," Dunning said.

Life sciences companies can then explain to these providers how new drugs may result in better outcomes. However, life sciences companies often need to rely on payer-complete longitudinal data (i.e., closed claims) to make such arguments credibly. Life sciences companies need "continuous enrollment data to build that patient journey and understand from diagnosis to first line of treatment to maybe second line of treatment to see switches," Dunning noted.

Market Access Strategy #3: Segmenting markets by payer type

To further improve market access, life sciences companies must also analyze markets by payer type – commercial, Medicare, Medicaid, etc. – and then design targeted intervention strategies for each segment. In addition, life sciences companies might need separate strategies for commercial insurers that cover for example, specific populations, value-based commercial policies, fee-for-service commercial policies, or capitated Medicare Advantage plans.

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Consider the following: PurpleLab data shows that commercial payers are less amenable to paying for GLP-1 drugs than other payers.

“There is an uptake in utilization across all of those channels, but again, the lowest uptake is on the commercial side. So that implies that there is still some inertia there,” Markward said.

Indeed, 62% of all payers dispensed GLP-1 drugs in the first quarter of 2023. However, only 59% of commercial payers dispensed these drugs, while 87% of dual payers, 69% of Medicaid payers and 74% of Medicare dispensed these drugs. While the commercial dispense rate rose to 73% in the last quarter of 2024, it still trailed other payers with dual payers at 90%, Medicaid at 74% and Medicare at 80%.

These insights could direct life sciences leaders to recognize which payers recognize that these drugs can improve outcomes and which payers still are searching to validate the potential for their populations.

The analysis also reveals that commercial payers did eventually come around after drugs have been on the market for some time. At the end of 2024, 81% were dispensing Ozempic, which was an early entrant in the GLP-1 market, and just 63% were dispensing Zepbound, which has only been available since the fourth quarter of 2023.

Having access to open and closed claims data helps arrive at a more comprehensive, detailed picture of markets by health plan type and develop strategies for each segment. More specifically, the incorporation of granular data, particularly on the open claims side, provides revealing insights that typically are not available with closed claims data, alone.

“Rich and diverse data sources engender deep analysis and understanding of patient demographic and clinical variation that can be harnessed, in turn, to enhance targeting and intervention strategies that drive improved quality and reduced costs,” Markward said.

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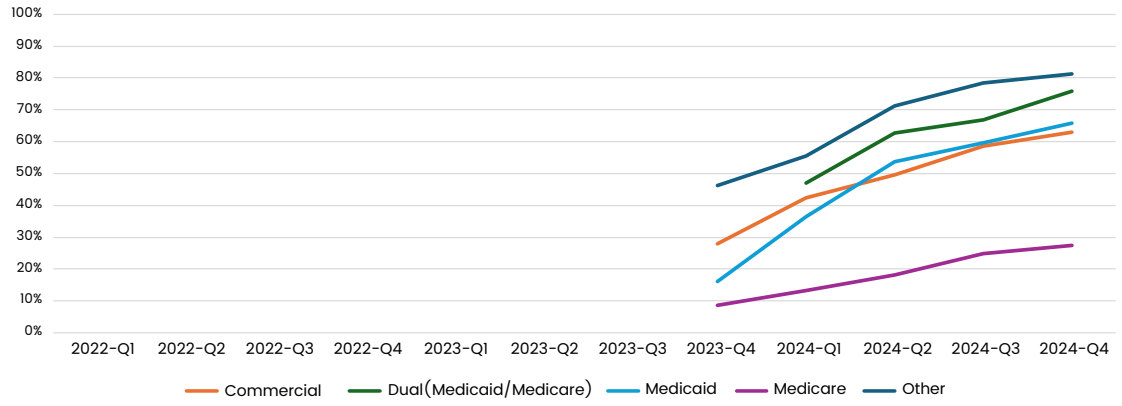
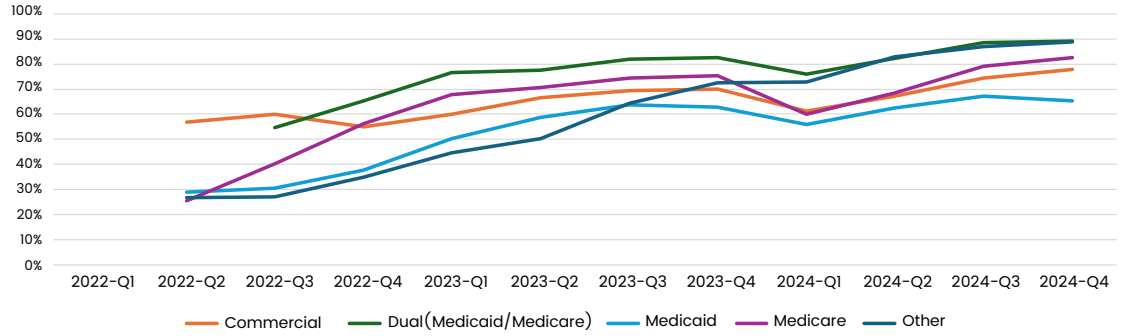
% Zepbound Rx Dispensed by Payer Channel

by Quarter, 2022-2024



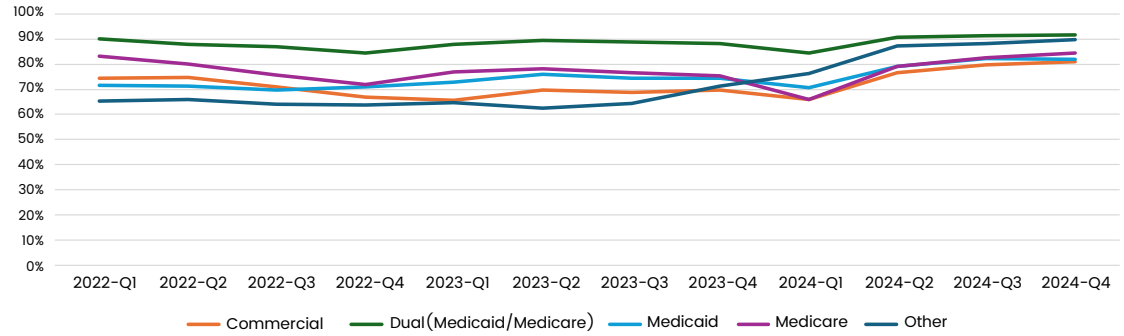
% Mounjaro Rx Dispensed by Payer Channel

by Quarter, 2022-2024



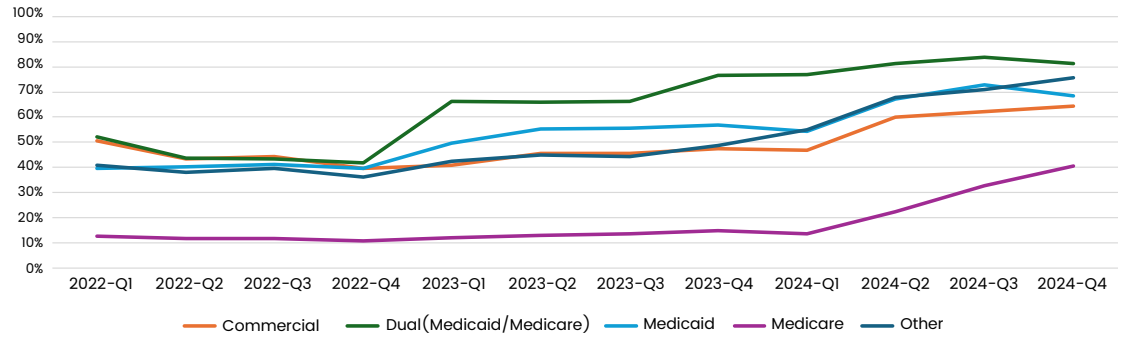
% Ozempic Rx Dispensed by Payer Channel

by Quarter, 2022-2024



% Wegovy Rx Dispensed by Payer Channel

by Quarter, 2022-2024



As such, life sciences companies need large, diverse longitudinal data to substantiate the clinical and financial value of various strategies under specific reimbursement models. A singular payer or life sciences company would most likely not have the volume and diversity of data to reach such conclusions.

With access to a large database of open and closed claims data like PurpleLab's,[5] a life sciences company could better work with various payer types. For example, life sciences companies could develop specific strategies to work with accountable care organizations under Medicare, which typically tie reimbursement to quality and outcomes.

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