Healthcare reform, shifting stakeholder influence, and increased regulatory pressures are converging to transform the life sciences industry, and at an unprecedented rate. Pricing and contract management functions are under pressure to prevent revenue leakage and use analytics insights for more profitable pricing decisions while managing the increasing complexity of contracts as well as stringent compliance requirements. Life sciences organizations need to address these challenges, and consider methods for improving organizational efficiency while simultaneously encouraging innovation.
The challenges

Growing contract volumes, progressively multifaceted discount structures, managed care payers’ needs to cut costs and legislative impacts such as healthcare reform have led to increased complexity in life sciences manufacturers’ commercial and government contracting strategies.

The process of chargebacks allows wholesalers to purchase a product from alternate sources or end-market customers and subsequently sell it to customers. This presents several potential risks. First, the wholesaler may accidentally claim and receive chargebacks for products not obtained directly from the manufacturer. Second, such activities may violate a manufacturer’s chargeback agreement. Third, the wholesaler may not have sufficient product quality controls in place, which could lead to the potential introduction of a counterfeit or spoiled product into distribution.

In addition, inaccuracies with membership data creates a substantial operational task for pharmaceutical manufacturers. Membership records are submitted by the wholesaler, the distributor, and Group Purchasing Organization (GPO) trading partners (in the form of rosters that are used by pharmaceutical companies to determine contract eligibility when they determine chargebacks and rebates). Membership data also assists manufacturers in determining class of trade for use in sales and marketing activities as well as government pricing and because these rosters are not cleansed they contain a high volume of inaccuracies.

As a result of these challenges, many life sciences organizations are looking for the right solutions to deliver excellence and to reduce operational costs and overhead within pricing and contracting management functions.

The Genpact solution

- **Contract pricing**
  - Improve pricing negotiation
  - Improve account segmentation
  - Reduce rogue contracting
  - Shorten offer-to-contract cycle time

- **Contract maintenance**
  - Contract drafting, authoring and storing
  - Manage exceptions and monitoring compliance
  - Auditing tools with rigorous validations

- **Contract transaction**
  - Reduce chargeback errors/leakage
  - Eliminate overpayments and ensure rebate optimization
  - Minimize regulatory violations
  - Track purchasing performance, percentage compliance against forecasts

**Target business outcomes**

- **Robust and optimized** regulatory compliance and risk management
- Improved margins up to 4-5% through optimized price and revenue management
- Insightful analytics for greater PBM/Payer pricing power, delivering better commercial agility
- **Lean six sigma** brings best in class process management, quality and outcomes

*Figure 1: Contract management value chain and focus areas*
Using our proprietary SEP℠ (Smart Enterprise Processes) framework, we enable companies to design, transform and run their contract management operations as intelligent business processes, by integrating effective Systems of Engagement™, core IT, and Data-to-Action℠ systems, making our life sciences clients more competitive, enabling growth and compliance and reducing costs and risk across contract management operations.

**Smarter technology**

Relentlessly apply technology in the most effective and targeted way that helps business processes to drive material impact on outcomes while limiting capital expenditures, risk, complexity, and time-to-benefit.

Enhance your existing technology investments with effective digital add-ons such as Membership Optimizer, our cloud based automated membership management solution to improve the membership data used for chargeback processing. This solution reduces eligibility-related chargeback errors, improves management of membership roster/customer master data, and reduces costs, all while maintaining compliance.

We also offer end-to-end cloud based contract management as-a-service (CMaaS) solutions in partnership with leading digital platforms. Organizations can opt to either enhance existing technology with smart bolt-on solutions such as Membership Optimizer, or implement an end-to-end CMaaS solution, augmenting our process knowledge and domain expertise with best-in-class contract management platforms from our partners.

**Genpact delivers business impact**

The highly skilled Genpact professionals have more than 30 years of experience helping life sciences industry leaders increase contract revenues, ensure contract compliance, and automate contracting processes. Genpact delivers innovative solutions for life sciences contract management by enriching deep industry and process knowledge through best practices and through insights derived from experience in managing similar processes in other industries, such as structured finance modeling. Genpact’s solutions help clients realize **35% savings** in costs while:

- Shortening offer-to-contract cycle time
- Improving pricing negotiations
- Reducing chargeback errors
- Eliminating rebate overpayments
- Decreasing pricing leakages
- Minimizing regulatory violations, and
- Improving process and performance visibility

**Smarter processes**

Smarter processes for contract and pricing management helps organizations consistently perform well in a volatile environment by helping them anticipate, change, and become more agile when transforming their operations. Using global delivery that combines end-to-end process streamlining, quality procedures, and high-quality skills and resources, life sciences organizations can maximize the quality of their outputs while minimizing the overall cost and the process time of their contract management services. This action in turn promotes:

- Proactive support that leverages the membership management optimizer tool to reduce backlog and address disputed claims
- Improved chargeback/rebate processing so analysts can focus on more value-added tasks and other strategic contract management activities

**Smarter analytics**

Deliver a continuum of practical offerings built around developing insights through collecting, synthesizing, and analyzing structured and unstructured data so clients make smarter decisions every time.

- A one-stop shop for data management and reporting; dashboards that offers a wide range of capabilities, including streaming high-quality data, which provides tremendous business value
- Pricing and contract analytics that enforce revenue management within contract compliance, profitability, and performance for optimal attribute segmentation
Challenge
One of the world’s largest pharmaceutical manufacturers was struggling to plug leakages in its contract management and chargebacks operations. Fragmented internal systems and processes frequently resulted in improper or unauthorized wholesaler deductions. Multiple databases storing mismatched data resulted in disjointed information flows. The electronic data transfer interfaces subsequently encountered an unacceptably high level of exceptions as a result of multiple versions of customer information existing across systems.

Solution
Using Smart Enterprise Processes (SEPSM), Genpact’s proprietary process improvement and diagnostics approach, our process experts identified multiple deficiencies in the manufacturer’s process and technology systems. Ensuring timely updates of membership and contract data was one of the most important of measures identified for mitigating such deficiencies.

Impact
A significantly improved process with robust controls and pragmatically defined service levels for updating membership and contract changes was put in place. Fail-safe measures were built in by proactively researching contracted customers to validate eligibility, class of trade, and membership.

100% of membership updates are now processed in less than 24 hours ensuring near 100% data accuracy at all times. Multiple checkpoints, like maintaining valid membership and eligibility data at the contract level, ultimately eliminated errors in processing chargebacks.