

White Paper



# Evaluating and Selecting an Aggregate Spend Solution

A Guide for Organizations Creating RFPs/RFIs



**HEALTH MARKET SCIENCE**

Trusted provider data and solutions for the healthcare industry.

**Currently,** spend aggregation throughout most of the pharmaceutical and medical device industry is a manual process. For example, a spreadsheet template is distributed to departments and service providers where spend on healthcare professionals (HCPs) has been identified. The information is then culled from various sources—including such source systems as Grants, Travel and Expense, Meeting Management, and Clinical—and entered manually into the spreadsheet. Most of these disparate systems hold raw spend data presented in a multitude of formats. The result is often a hodgepodge of missing data fields, transposed or incomplete HCP names, and inaccurate reporting resulting from liberal interpretations of instructions.

These manual or tool-based solutions are inadequate to meet the needs of ever-changing legislation and disclosure requirements. Additionally, companies miss the opportunity to address internal business and compliance needs. For example, a complete Aggregate Spend Solution adds the capability to understand interrelationships between large groups of users and departments, provide strategic insight on promotional spend, and monitor adherence to internal compliance SOPs and call plan directives.

This document explores some of the key differences between an Aggregate Spend Solution capable of supporting a strategy execution framework, such as CompleteSpend™, and more simplistic and limited reporting systems. Certainly, an Aggregate Spend Solution does require a system as the core of the data-collection component; however, what the solution also requires, and mere systems generally lack, is:

- 1 An extensive exploration of spend sources
- 2 Business rule interpretation based on the pertinent laws and regulations
- 3 Translation of business rules into system rules
- 4 Accurate customer data
- 5 Configurability and flexibility
- 6 A simple user interface
- 7 Seamless data aggregation
- 8 Customizable reporting and disclosure

## A Bird's Eye View of an Installed Solution

There are six key areas that define how an organization aggregates spend and generates reports:

<b>AGGREGATE</b>	Seamlessly capture disparate data from all spend sources with minimal IT support.
<b>VALIDATE</b>	Dr. Smith, Mike Smith MD, M. Smith, Michelle Smith: are some of them the same person? Is Dr. Smith, who incurred the spend reported in the Travel and Expense system, the same person as M. Smith, who was a speaker in the Meeting Management system? Are they licensed in more than one state? Your solution better link and validate quickly and accurately.
<b>INTERPRET</b>	An external service provider sends you a list of speaker program attendees, but includes attendees who are not reportable for state A, but are reportable for state B. You need a flexible solution that can interpret information into results you understand and more importantly, that legislation requires.
<b>TRACK</b>	Without instant access to your spend data from a variety of data points, how effective is your monitoring program? Without the ability to peer inside your spend at a moment's notice, how can you ensure you are out in front of potential problems?
<b>ALERT</b>	You have an annual spend and/or visit frequency limit for certain consultants and speakers: how do your field representatives know—in real time—when they are approaching those limits?
<b>REPORT</b>	Your solution must provide accurate reports not only for external requirements, such as state and federal HCP spend reporting, but also for internal metrics.

## Asking the right questions

We know that the vendor selection process can be daunting, so we've provided a list of key questions to help you construct a Request for Proposal (RFP) or a Request for Information (RFI).

### Logistics

Determine how the vendor proposes to manage the project, from timelines to project managers.

- What are your server platforms, capacity, and topology?
- How will planned technology changes enhance the performance and longevity of the application infrastructure?
- What is the long-term technology vision of your product line?
- Describe the management process—both internal and vendor-based—that will guide the process.
- Define milestones and success metrics; include schedules, showing major tasks, parallel activities, milestones, and checkpoints.
- Please provide résumés of the personnel who will be assigned to this project.
- Provide a description of any deliverables provided for each stage described below.

### Operational readiness

A successful and timely project requires buy-in and co-operation at every stage and at every level. Your vendor should provide details for winning internal support.

- Provide a detailed outline of the process or methodology by which your organization would analyze our current business processes. Please provide specific examples of the resulting analysis and planning documentation deliverables. Include how you will assess our baseline level of readiness to address legislative requirements.
- How do you propose to create buy-in to successfully integrate the solution throughout the organization?
- Describe how your plan of action minimizes the impact on the business.

### Exploring spend sources

As the adage goes, Garbage In, Garbage Out. Discovering your spend sources is a complex task; your vendor should describe, in detail, how they approach this phase and what resources they will devote to the process.

- Describe, in detail, your process for discovering sources of HCP spend.
- What resources will you devote to this phase? What resources will be required from us?

### Business rule interpretation

Your solution must allow you the flexibility to establish business rules according to your interpretation, keeping you in control of your policies.

- Do you offer user-configurable Business Rules? If so, describe the process of defining business rules, including creation, maintenance and update, flexibility, etc.
- How do you interpret state/federal legislation?
- Does your solution offer state/federal legislation interpretation? If so, is it customizable?
- Does your solution include a Reporting Policy?
- What resources do you devote to this process?
- Does your solution allow us to update our Business Rules without interacting with you as the vendor? What about adding new states?

## Translating business rules into system rules

Once your business rules have been defined, the Aggregate Spend database must be configured to reflect these rules. You will want to ensure that these system rules, once set in the solution, are customizable by you, in order to accommodate changes in the legislative landscape or in corporate policy.

- What process will you use to realize the resulting business rules within the Aggregate Spend Solution as its system rules?
- Are the system rules customizable by us, without input from you as the solution service provider?

## Accurate customer data

One of the biggest hurdles to achieving disclosure compliance is a customer data challenge. Most companies today maintain multiple systems to facilitate and track HCP expenditure. Because these systems do not contain a common identifier for HCPs who are listed across multiple non-integrated systems, there might be five variations for the same Dr. Robert Smith: R. Smith, MD, Bob Smith, Dr. Smith, etc. This same doctor might also have multiple addresses associated with his name across systems, and he may practice in multiple states. How, then, do you accurately track spend related to Dr. Robert Smith?

As the pharmaceutical industry faces new reporting requirements, the initial challenge for any Aggregate Spend Solution is to create a clean customer database, sometimes referred to as the Customer Master. A good customer master will provide detailed and accurate customer data across systems, including those used by your service providers—don't forget, they will feed spend data into your solution, as well.

Your service providers must be able to describe how their Aggregate Spend Solution will assure that the data for individual healthcare professionals and organizations will be cleansed, validated, matched, and properly assigned to each spend amount by category in accordance with current and future state and federal laws, as well as internal policy.

- Does your solution require us to have an existing Customer Master?
- Does your solution include an integrated HCP Customer Master that will enable us to incorporate spend on HCPs who do not already exist in our current customer data?
- If your solution incorporates an HCP Customer Master, how is it managed between clients?
- How do you address duplicate entries for individual HCPs?
- When HCPs are merged after they have been identified as duplicates, how does your solution integrate the spend data that has already been entered against the individual?
- Explain your abilities to link spend recipients brought in through spend feeds to HCPs in the Customer Master.
- Explain your Matching process. How does your solution deal with records that do not automatically match? What about duplicates?
- Can your solution automatically link to Data Cleansing and Scrubbing Services? If so, does it reach accuracy of 95%?
- Describe how your solution resolves data discrepancies between various sources of spend.
- Does your solution also track spend across healthcare organizations?
- Does your solution provide relationship linkage between HCPs and healthcare organizations?
- Describe any limitations related to your system's ability to handle data acquisition (high number of spend sources, high volume, etc.)
- Can one or more employees be recipients of spend?

## Configurability and flexibility

The application should be as configurable and flexible as possible. Even if you don't think you will need these features now, you may appreciate them as your organization becomes more experienced with the solution. There are several different levels of configurability and flexibility to consider, all of which should be "transparent," so they will not be confusing if you do not need them currently.

- Can new service providers be added through the customer interface? Explain that process.
- How does your solution set up and integrate data sources? How quickly can a new source be added?
- Does your solution offer central interface that permits us to change the application terminology? For example, some organizations call business objectives "goals," some call them "CFOs" (for critical few objectives).
- Is your solution expandable to ex-United States operations? If so, please describe the process for doing so.

## Simple user interface

- Is your solution's interface easy to understand and customizable?
- In addition to the receipt of data feeds from various sources of spend, does your solution incorporate a user interface that enables the manual entry of data?
- Does your solution include an interface for service providers to directly upload, enter, and manage spend with little or no interaction from us?
- Can you provide a demonstration of the interface? Screenshots?

## Seamless data aggregation

- Describe how your solution enables us to capture, aggregate, track, and report expenditures in the following areas. Please append this list with any additional areas that you feel are missing, to demonstrate your company's expertise and understanding of the scope of this effort.
  - a. Home office and sales force expenditures to HCPs<sup>1</sup> (e.g. sales force, Medical Science Liaisons, marketing, Managed Markets, Clinical Affairs, Grants, etc.). Include:
    - i. HCP compensation for speaker and speaker training activities
    - ii. Consulting honoraria
    - iii. Meals provided to HCPs by home office personnel
    - iv. Premium items, including those distributed at local, regional, and national conferences
    - v. Compensation for advisory boards
    - vi. Grants
    - vii. Continuing Medical Education programs
    - viii. Clinical trial-related spend
  - b. Service provider payments to HCPs
  - c. Promotional and advertising expenditures
  - d. Direct-to-consumer advertising by product

<sup>1</sup> Include physician residents and prescribing non-physician HCPs

## Reporting and disclosure

Your Aggregate Spend Solution should provide you with the tools you need to accurately report HCP spend in response to state and federal law. It should also give you the ability to generate customizable reports for use internally.

- Describe the reporting function of your solution.
- Will your solution enable us to identify, pull, and prepare reports that meet the specific requirements for individual states, as well as federal requirements?
- Do we have the capability of adding our own reports without engaging you as the solution provider? If so, please explain how.
- How often are state reports refreshed?
- How are existing reports modified when necessary to meet changing regulations?
- Are the reports customizable to address our specific compliance needs?
- Describe all report limitations (e.g., number of records, scrolling across multiple pages, etc.).
- Describe all ways in which reports may be viewed.
- Does your solution include a real-time alert function for spend thresholds? For visit frequency?
- Do you offer a Planned versus Actual function for Expense Planning and Alerting?
- Can all available alerts be grouped into a single email?
- Do you offer an ad hoc query tool?
- Following report submission, do you have the ability to archive all reports and supporting documentation for review for audit purposes?
- Do you offer the ability to store each filed report for audit purposes? If so, explain the Data Archive Process.

## Summary

Crafting a comprehensive RFI/RFP is not as daunting as many consulting firms make it out to be. If you have a clear understanding of the current reporting requirements and have assessed your organizational readiness, the technical requirements are straightforward. Just remember, the challenge of any aggregate spend solution is having accurate HCP and HCO profiles coupled with a robust system for linking all the disparate spend sources. You can build the best car in the world, but without clean fuel, you're not going to get far, no matter how accurate your roadmap. This core foundation is the KEY to a highly accurate solution.



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