

CLIENT CASE STUDY



THE PROBLEM

Alere (NYSE: ALR) is a leader in biomarker medical diagnostics. Alere's NMP-22 BladderChek® test for bladder cancer is the most cost effective diagnostic test for bladder cancer, costing far less than competing lab-based tests while also having specificity and sensitivity levels that meet or exceed the levels of competing tests. However, Alere faced two major issues that could only be solved through government contact.

First, military veterans are diagnosed with bladder cancer at a rate substantially higher than the national average. Yet there was no strategy for penetrating the U.S. Department of Veterans' Affairs (VA), which runs the nation's largest hospital system. Compounding the problem was the fact that the VA itself was largely unaware of the bladder cancer problem within its' own patient population.

Second, the Centers for Medicare & Medicaid Services (CMS) reimbursed the competing lab-based test at \$800 per test, while Alere's simpler, more cost effective test is reimbursed at \$28 per test. Physicians ran the lab-based test simply to make a greater profit at CMS' expense.

THE STRATEGY

In order to penetrate the VA, Compass Strategies arranged for meetings between company officials and key members of Congress, to include Senator John Kerry and Congressman Mike Michaud, chair of the U.S. House Veterans' Affairs Subcommittee on Health. Both Senator Kerry and Congressman Michaud agreed to contact the Secretary of the VA to request the implementation of a bladder cancer early detection program. VA researchers familiar with the high rate of bladder cancer in the VA were recruited to speak to their colleagues at other VA medical centers. At the same time, Compass arranged for briefings with several high profile urologists within the VA system to educate them about the benefits of using BladderChek®.

Our approach to CMS was much different, as it was a defensive rather than offensive, approach. We compiled comparative FDA data showing the differences between BladderChek® and its' competitor, along with the utilization rates of each test within the

CMS system. Compass reached out to Senator Charles Grassley and arranged for meetings with the investigative counsel of the U.S. Senate's Finance Committee, the Medicare Payment Advisory Commission (MEDPAC) and the head of CMS' Fraud, Waste and Abuse Division. Additionally, we contacted senior executives with Medicare Administrative Contractors (MACs) that managed Medicare programs for CMS. We requested each entity to review their utilization numbers and reconsider the reimbursement level for the competing lab-based test.

THE RESULTS

Alere secured the support of many urologists practicing within the VA and secured an ongoing contract with the VA to provide BladderChek®.

The CMS reimbursement issue was successfully resolved when CMS drastically cut reimbursement for the competitor's test. One industry publication covering the topic wrote: "This unprecedented step by CMS came with little or no warning, catching most of the laboratory community off guard." It is estimated that our successful strategy will cost Alere's competitor \$100M in revenue.