Fair Market Value (FMV) Methodology: Designing Defensible HCP Compensation Frameworks

Rate Card Design & Compliance-Ready Engagement Governance Across Five Markets

The Client

A multi-market pharmaceutical company with commercial operations across five European markets (UK, Germany, France, Italy, Spain) operated without a unified, methodologically defensible framework for determining Fair Market Value across six stakeholder categories: general practitioners (GPs), medical specialists, nurses, pharmacists, payers, and patient contributors.

The Business Challenge

CHALLENGE	COMPLIANCE & BUSINESS IMPACT
Absence of unified FMV methodology	No single, defensible calculation framework across six stakeholder categories and five jurisdictions; inconsistent with ABPI Code 2024 and EFPIA Code requirements
Fragmented benchmarking data	Reliable compensation and working-hours data unavailable uniformly across markets; no standardized independent benchmarking basis
Inconsistent tiering structure	Expertise and seniority not reflected consistently; compliance risk and audit exposure
Ad hoc rate-setting mechanisms	Rates negotiated individually, influenced by vendor requests or informal benchmarks; not defensible as “independent valuation”
Absence of real-world cost adjustments	Rates did not account for practice displacement, cost-of-living variation, or inflation; weakens defensibility as “arm’s length” compensation

Our Approach

Eunomia developed a proprietary, step-by-step FMV calculation framework grounded in accepted compensation valuation principles, delivering a unified methodology that flexes across stakeholder types and jurisdictions.

- **FMV Methodology Design:** Built a proprietary five-step FMV calculation framework (base compensation → available hours → practice displacement adjustment → composite adjustment factor → tiering premia) fully traceable and auditable across all stakeholder types and markets.
- **Independent Benchmarking:** Sourced clinical/academic compensation data from independent labour markets (NHS Pay Circulars, ONS ASHE, ERI, WTW, national regulatory bodies) to avoid “tainted” circular industry survey data.

- **Objective Tiering Framework:** Designed a four-tier matrix for each stakeholder category (Global KOL, National Leader, Regional Expert, Local Practitioner), with tiering assignment grounded in objective criteria: publications, trials, role, experience.
- **Client Alignment & Validation:** Facilitated structured working sessions with Compliance, Medical Affairs, Finance, and Legal to validate every input parameter; created documented audit trail.
- **Finished Rate Cards:** Delivered finished FMV rate cards for all six stakeholder types across all five countries, each rate traceable to documented methodology and source data.

Business Outcomes

COMPLIANCE VARIANCE	AVERAGE HOURLY RATE	TIME TO CONTRACT
66% → 98%	**£520 → £385**	**14 days → 6 days**
Payments in defensible FMV range +32 percentage points	26% cost reduction while maintaining defensibility	57% faster engagement contracting across all markets

COMPLIANCE RISK ELIMINATION

- **Ad hoc rate-setting:** Pre-built tiering matrix and rate cards eliminate individual rate negotiation and vendor-request-driven inflation.
- **Benchmark-driven rate drift:** Industry-standard sources of salary anchoring are independent and stable; rates recalibrated annually via index adjustment, not continuous re-benchmarking.
- **Inconsistent tiering:** Objective criteria (publications, trials, role, experience) anchor each tier; full audit trail and documentation.

REGULATORY & CODE-OF-PRACTICE ALIGNMENT

The FMV methodology is explicitly aligned with EFPIA Code principles, ABPI Code 2024 (Clause 7), Human Medicines Regulations 2012 (Reg 300), Bribery Act 2010 (Section 7), and UK Disclosure UK transparency reporting requirements.

Value Delivered

A defensible Fair Market Value programme is the evidentiary foundation for every HCP payment a pharmaceutical company makes and discloses.

- **Speed & consistency:** One source of truth across all stakeholder types, all geographies, and all teams.
- **Regulatory alignment:** Full alignment with EFPIA, ABPI Code 2024, HMR Reg 300, and Bribery Act standards.
- **Audit defensibility:** Every rate traceable to documented methodology and source data; no ad hoc decisions.
- **Transparent disclosure:** Compliance and Legal can confidently defend each published payment.
- **Stakeholder equity:** Tiering differentials reflect genuine expertise; objective and auditable.
- **Sustainability:** Annual indexed recalibration eliminates need for full re-benchmarking every year.

Why It Matters

By anchoring rates to validated, independent country-level benchmarks, accounting for real-world practice displacement costs, and packaging that logic into finished, fully traceable rate cards, the client replaced fragmented, market-by-market negotiation with a single, auditable standard: faster, more consistent, and far more defensible under EFPIA, ABPI, HMR, and code-of-practice scrutiny.

Clients Served

Eunomia supports pharmaceutical companies across commercial and clinical compliance, HCP engagement governance, and market-access operations.

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