

Extended Coverage for Supply of Medicine in Universal Health Coverage

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dr. Luthfi Mardiansyah

- **Chairman – Int'l Pharmaceutical Manufacturers Group (2009-present)**
- **Vice Chairman – EuroCham (2011-present)**

Professional experiences:

- **President Director PT Novartis Indonesia, 2011 - current**
- **President Director PT Pfizer Indonesia, 2008-2010**
- **Sales Director PT Pfizer Indonesia, 2007-2008**
- **General Manager Capsugel China, 2002-2007**
- **General Manager Capsugel Indonesia, 1997-2001**
- **GM In't Division Indofood, 1994-1997**

Educational background:

- **Medical Dept. Trisakti University, Jakarta, 1987**
- **LPPM Jakarta – 1989**
- **Michigan Business School – 2001**
- **Macquaire Graduate School of Management - 2003**



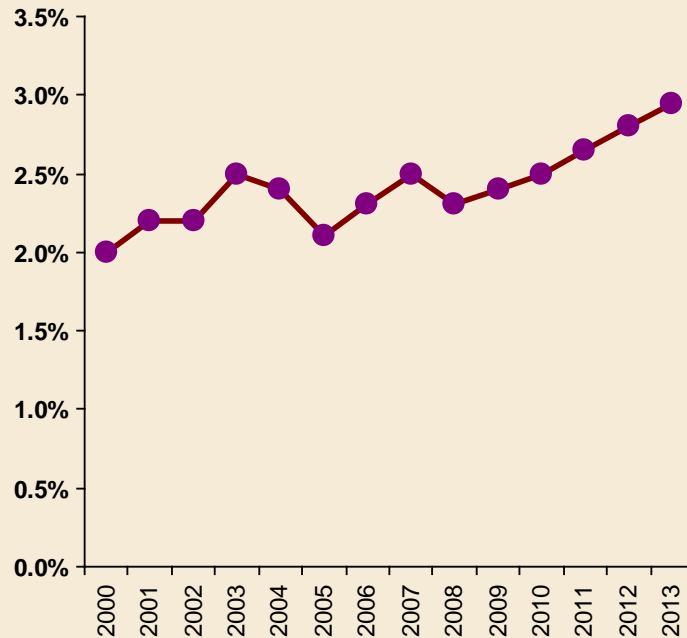
Healthcare spend increasing

however overall spend still low at 2.4% of GDP and USD 44 per capita

National Spending on Healthcare

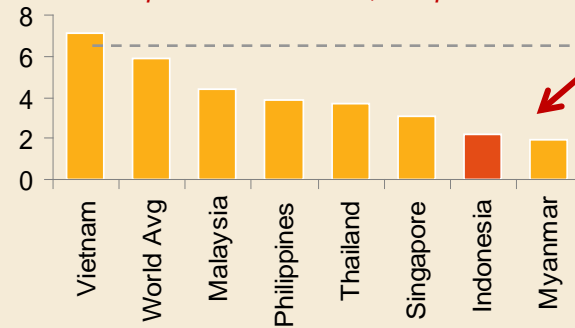
% GDP spent on healthcare growing

% GDP Spent on Healthcare



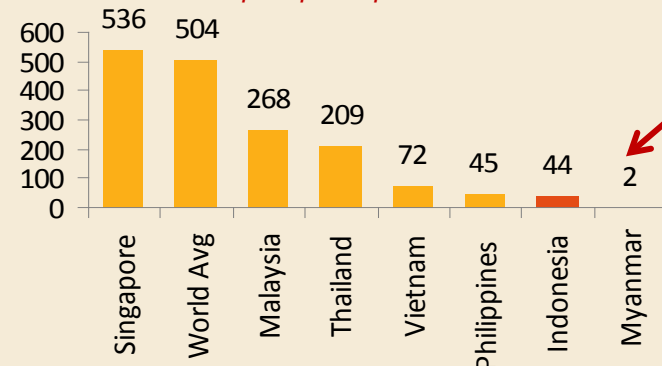
...% spend is low compared to peer countries

% GDP Spent on Healthcare, comparative

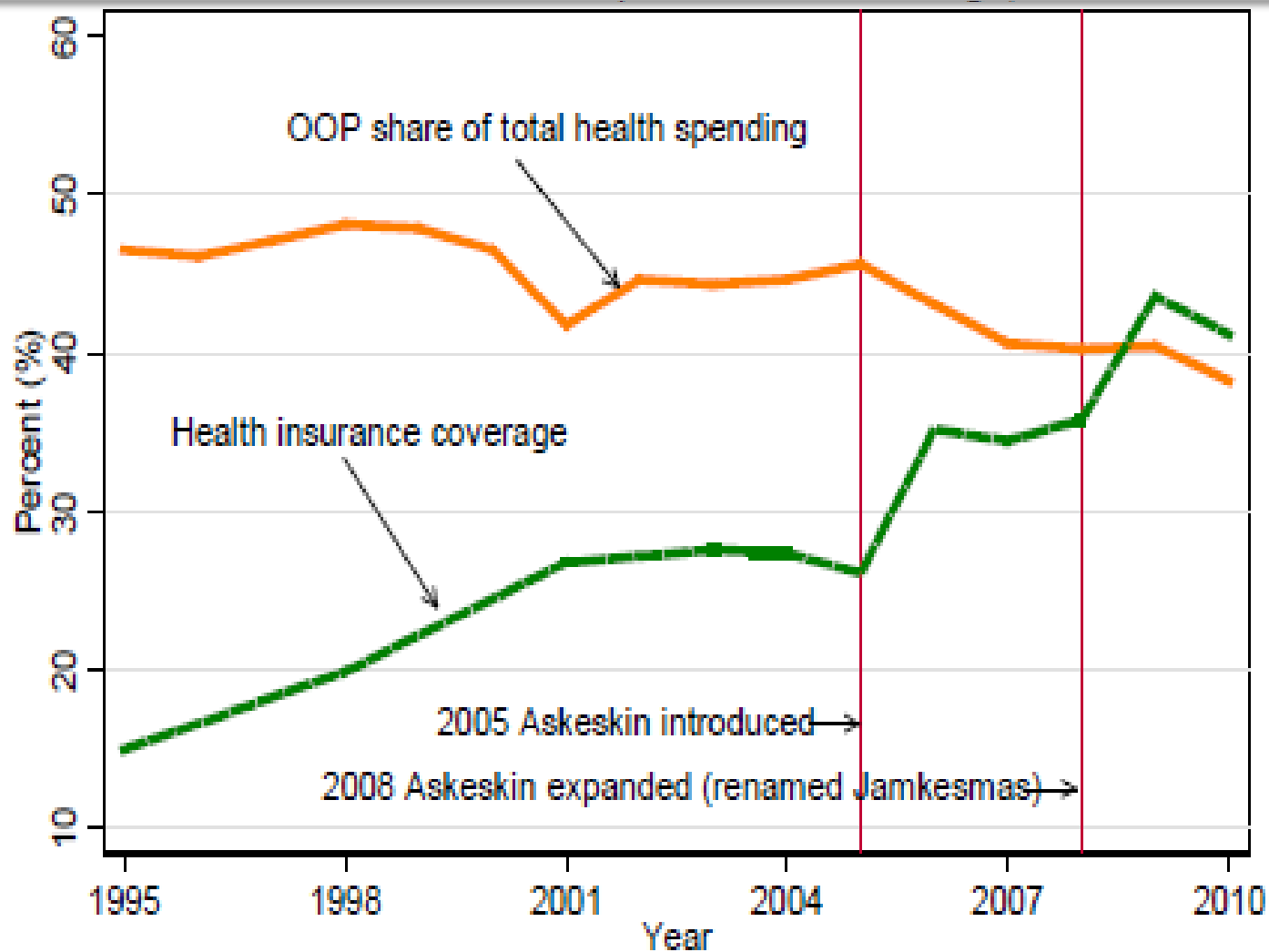


Equal result of HC spending per capita with Philippines

National HC spent per capita in USD



Health Insurance Coverage Growing



Source: WHO: SUSENAS

How Much does UHC Cost in Asia?

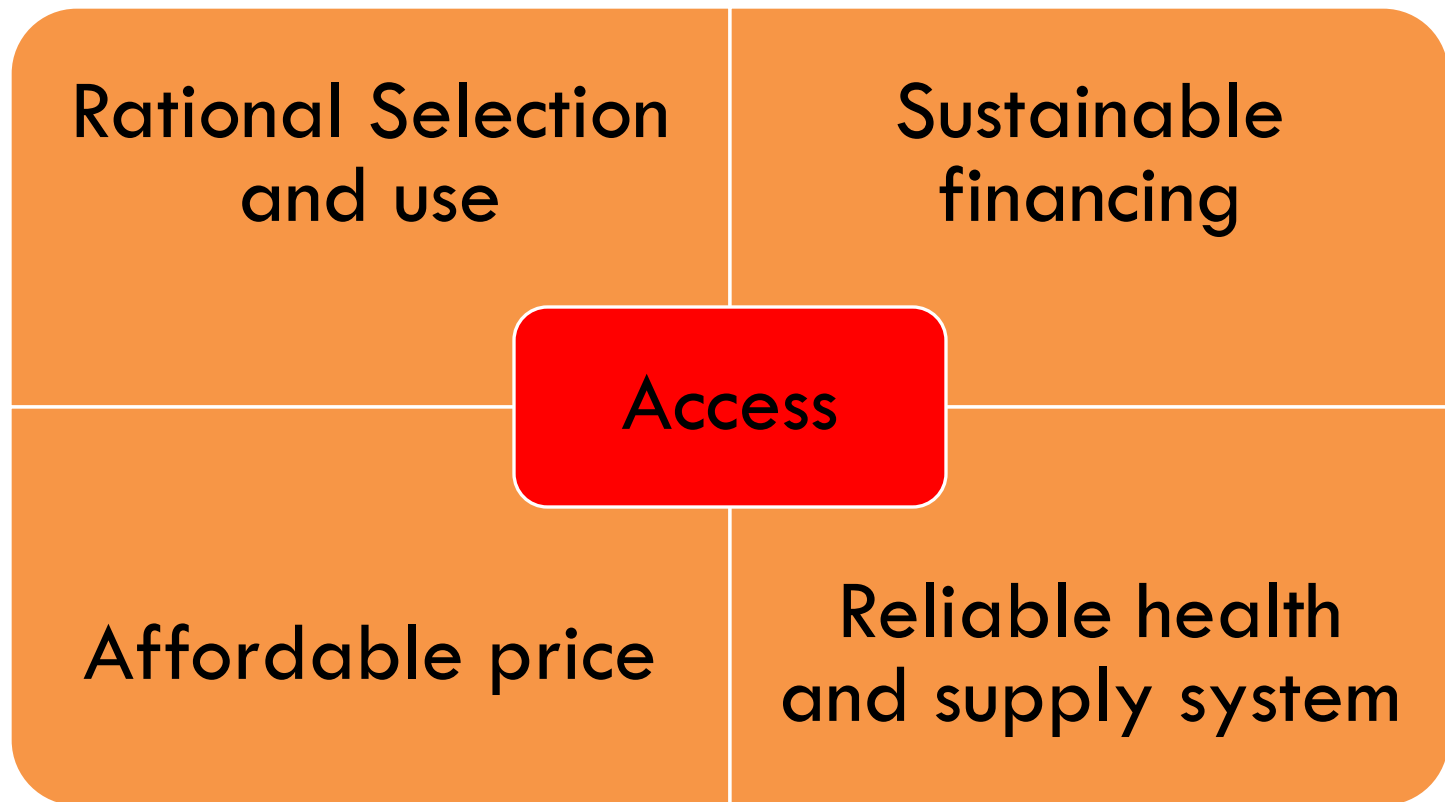
	GDP/capita (2011)	% GDP Private Health Spend (2009)	% GDP Public Health Spend (2009)	Public Health Spend \$ per capita	Infant Mortality Rate
Achieved UHC					
China	5184	2.3	2.3	119	16
Sri Lanka	2864	2.2	1.8	52	14
Malaysia	8617	2.7	2.2	190	5
Fiji	3806	0.9	2.5	95	15
Thailand	5281	1.0	3.3	174	11
Thailand 2002	3300	1.3	2.4	79	14
Working towards UHC					
Indonesia	3469	1.1	1.2	42	27
Philippines	2255	2.5	1.3	29	24
Vietnam	1362	4.4	2.8	38	19
India	1527	2.8	1.4	21	48

Questions to Government

- How to improve the access of Essential Medicines?
- How to sustain the **safety, efficacy and quality of medicines** through selection process on the list?
- How to make the **innovative medicines** affordable for the major population?
- How to improve the competency of the pharmacist to improve the responsible use of medicines
- How monitoring and evaluation can provide data on medicines use?
- How to ensure transparency of drug price in e-catalogue?

WHO Framework on The Access to Medication

Accessibility & Affordability



The importance of drugs in the healthcare system

- Drugs play a role as an appropriate intervention and in the maintenance of good health.
- Incentives for developing new drugs are essential to the long-term productivity and efficiency of the entire system.
- The healthcare system should encourage appropriate product, diagnostic, therapeutic, administrative and contracting innovation and its optimal application.

Innovation vs. cost containment

- Many innovations are cost saving and efficiency improving e.g. new surgical techniques, new medicines to control chronic diseases and cure infectious diseases etc.
- Pharmaceutical R&D is however commercially driven: sunk costs which need to be recouped and appropriately rewarded through, in general, price of medicines
- Healthcare cost is increasing, leads to cost containment measure by the government
- Parameter of cost containment measures in healthcare: Price!

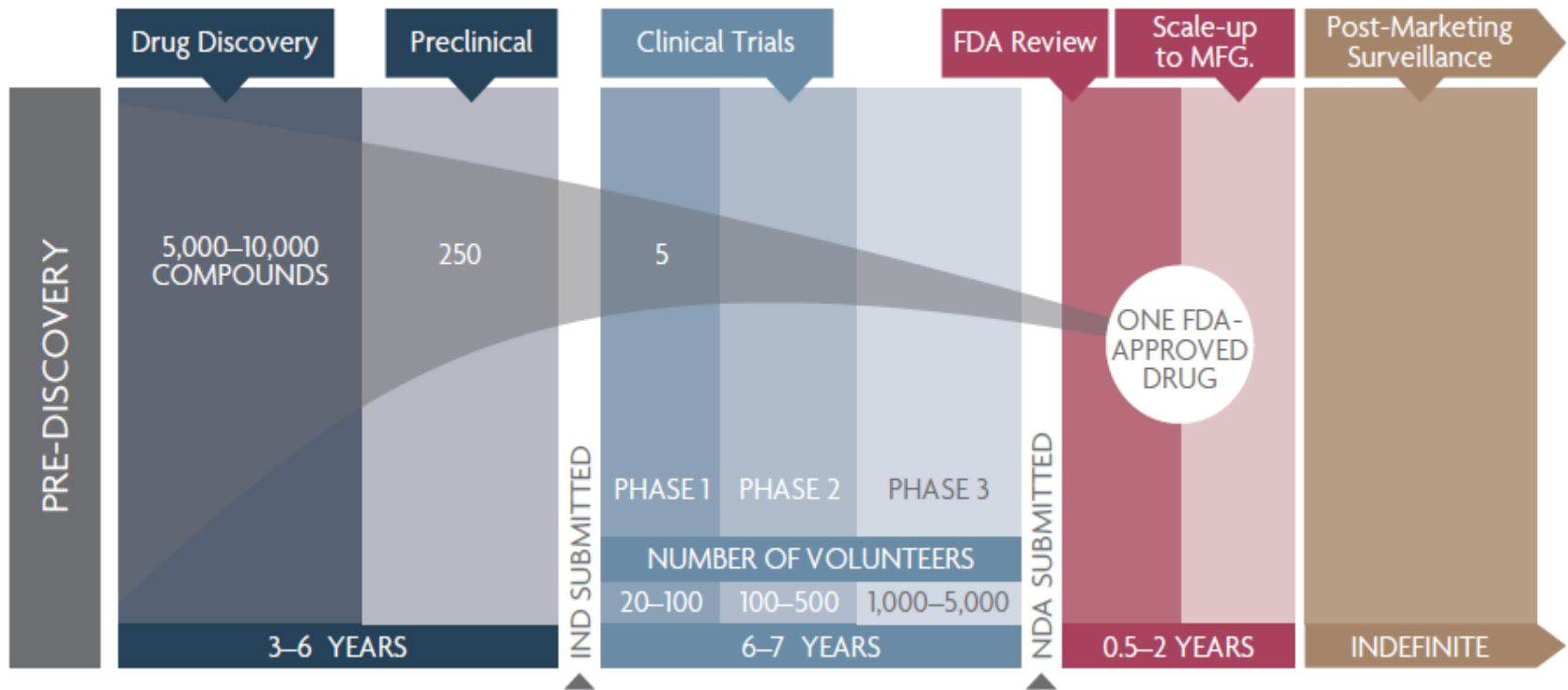
Patent protection and data exclusivity to promote innovative medical product

- A patent grants the holder a limited period of exclusivity to make, use and sell an innovation
- The protection granted is to ensure the recovery of R&D costs and to generate the resources required to keep the cycle of innovation going
- Data exclusivity is a protection granted to registrational data by the authorities not to be used or referred to by third parties

The Research and Development Process

Take an averages of 10-15 years in developing a new medicines

Developing a new medicine takes an average of 10–15 years.



Source: PhRMA⁶

More than 3,000 Medicines were in Development in 2011

*Medicines in Development in 2011 for Selected Conditions**

Alzheimer's and Other Dementias	98
Arthritis and Related Conditions	198
Cancer	932
Breast Cancer	129
Colorectal Cancer	84
Lung Cancer	140
Leukemia	119
Skin Cancer	82

Cardiovascular Disorders	245
Diabetes Mellitus	200
HIV/AIDS and Related Conditions	88
Mental and Behavioral Disorders	250
Parkinson's and Related Conditions	36
Respiratory Disorders	383
Rare Diseases ¹	460

*Biotechnology Medicines in Development in 2011 by Therapeutic Category**

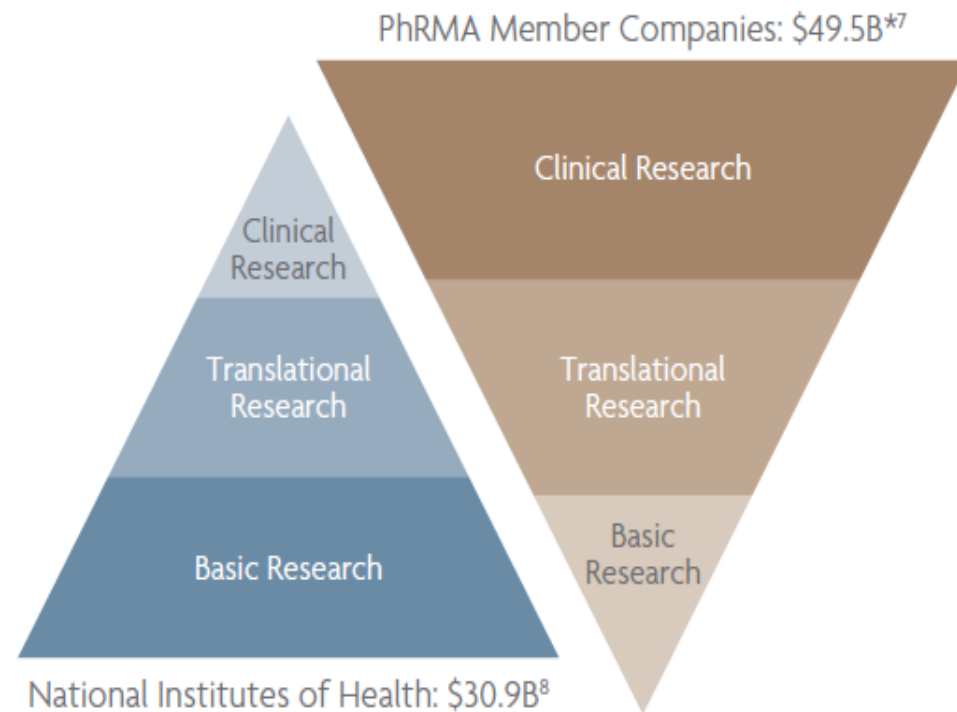
Autoimmune Disorders	69
Blood Disorders	32
Cancer/Related Conditions	352
Cardiovascular Disease	59
Diabetes/Related Conditions	24
Digestive Disorders	27
Eye Conditions	20
Genetic Disorders	19
Growth Disorders	5

HIV Infection	39
Infectious Diseases	188
Musculoskeletal Disorders	22
Neurologic Disorders	44
Respiratory Disorders	40
Skin Disorders	27
Transplantation	18
Other Diseases	36

Source: PhRMA⁶

Government and Industry Roles in Research and Development

Government and biopharmaceutical industry research complement one another.



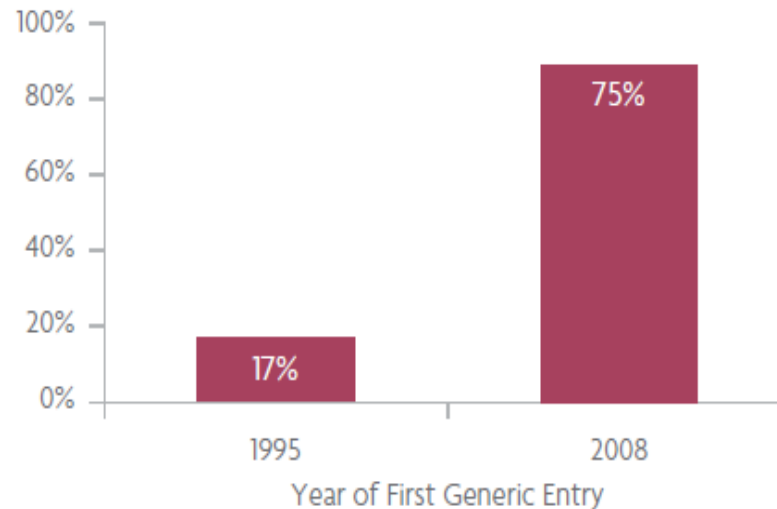
*NIH spending is for FY 2011. PhRMA member companies' spending is for CY 2011. PhRMA member companies account for the majority of private biopharmaceutical R&D spending. Non-member company data are not included.

Sources: PhRMA⁷; NIH Office of Budget⁸; adapted from E. Zerhouni⁹

Earlier and More Frequent Patent Challenges by Generic Companies

On average, new brand drugs face generic competition after 11.8* years, but generic companies can challenge patents as soon as four years after a brand enters the market.

*Share of Brand Products that Ever Experienced a "Paragraph IV" Patent Challenge** from a Generic Manufacturer, Among Those Facing Generic Entry in Year Listed*



*Refers to new drugs (i.e., excludes new forms of administration) with annual sales in 2008 of more than \$100 million. These accounted for 95% of the sales of new medicines exposed to generic competition.

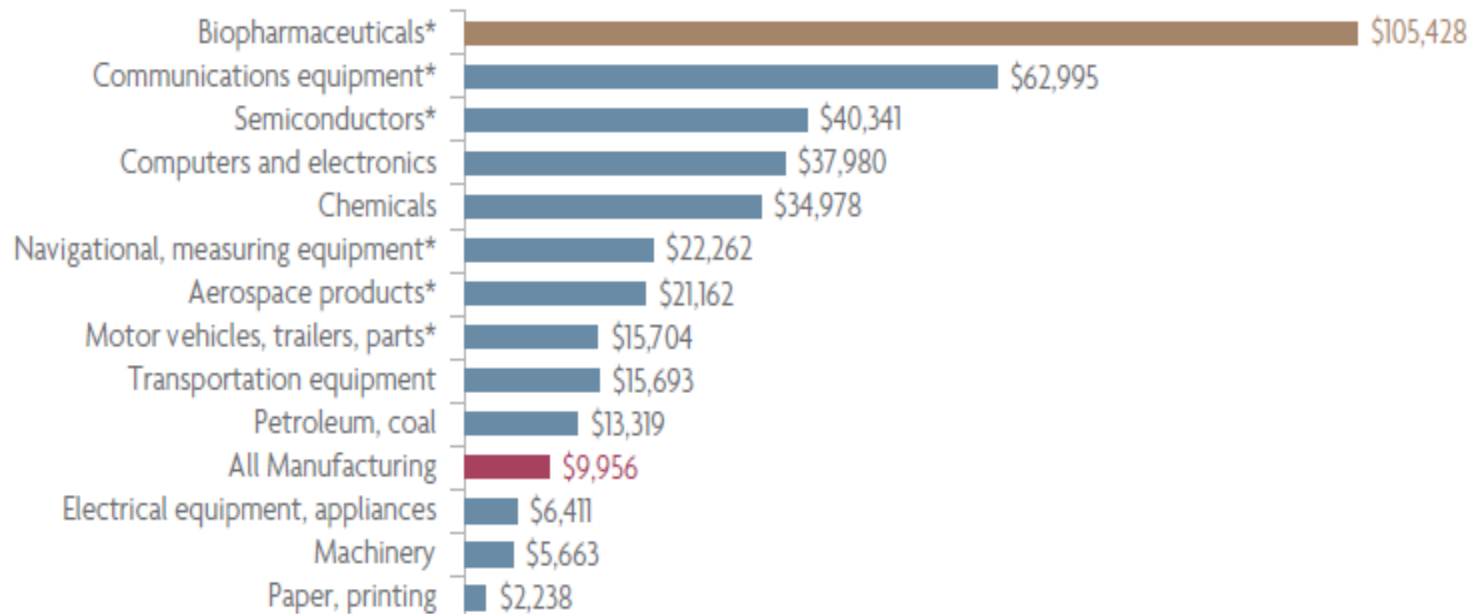
** A generic company may file with FDA a Paragraph IV certification to "challenge" patents associated with brand-name medicines, potentially allowing generic market entry before the patent expiration date.

Source: H. Grabowski, M. Kyle, et al.¹⁷

The biopharmaceutical Sector is the most R&D-intensive

Biopharmaceutical companies invested more than ten times the amount of R&D per employee than manufacturing industries overall.

R&D Expenditures per Employee, by Manufacturing Sub-sector and Industry, 2000–2007



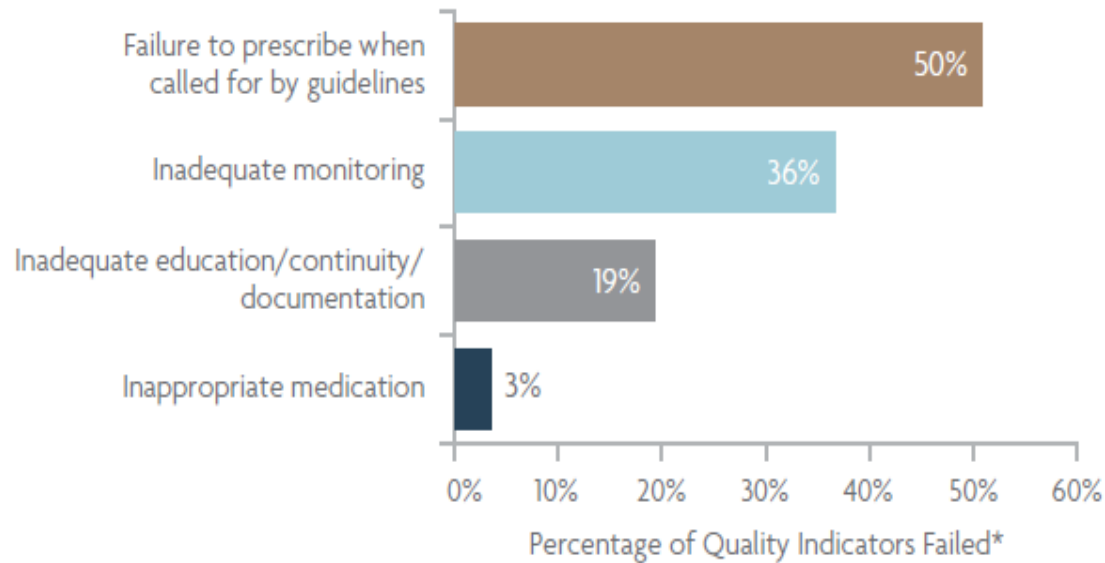
* Asterisks indicate manufacturing subsectors.

Source: N.D. Pham¹

Failure to Prescribe the Indicated Treatment is the Most Common Prescription Drug Quality Problem

RAND researchers report that failure to prescribe an indicated treatment is a far more common quality problem than is inappropriate medicine use.

Quality Problems Among Vulnerable Older Patients

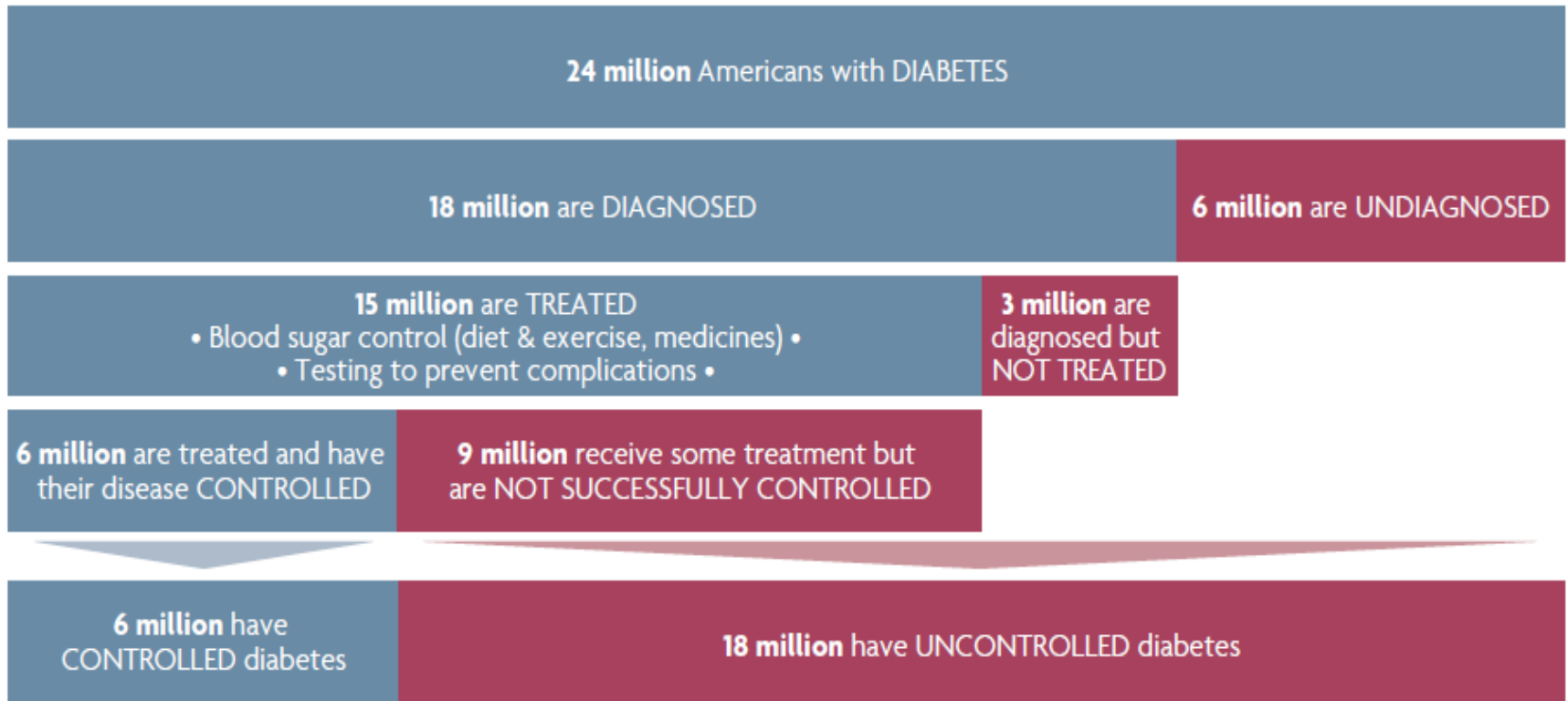


* Quality indicators were developed and implemented based on systematic literature reviews and multiple layers of expert judgment.

Source: RAND³

Diabetes: An Example of Underdiagnosis and Undertreatment

Uncontrolled diabetes can lead to kidney failure, amputation, blindness, and stroke.



Source: NHANES; CDC⁴

Evidence Shows use of Quality Medications on Medicines Reduces Spending on Other Health Care Services

Better coverage for prescription drugs and better adherence to prescribed medicines allows for significant cost savings.

- Patients with chronic conditions who had better adherence to prescribed medicines had savings of \$3 to \$10 in non-drug spending for each additional dollar spent on prescriptions* – a net savings of \$1,200 to \$7,800 per patient per year.⁶
- Seniors with medication-sensitive conditions saw a 4.1% decline in their rate of hospital admissions after obtaining drug coverage through Part D.⁷
- Among all newly insured Part D enrollees, hospital and skilled nursing facility costs declined by about \$1,200 per person⁸ – an overall savings of \$13.4B in 2007.⁹

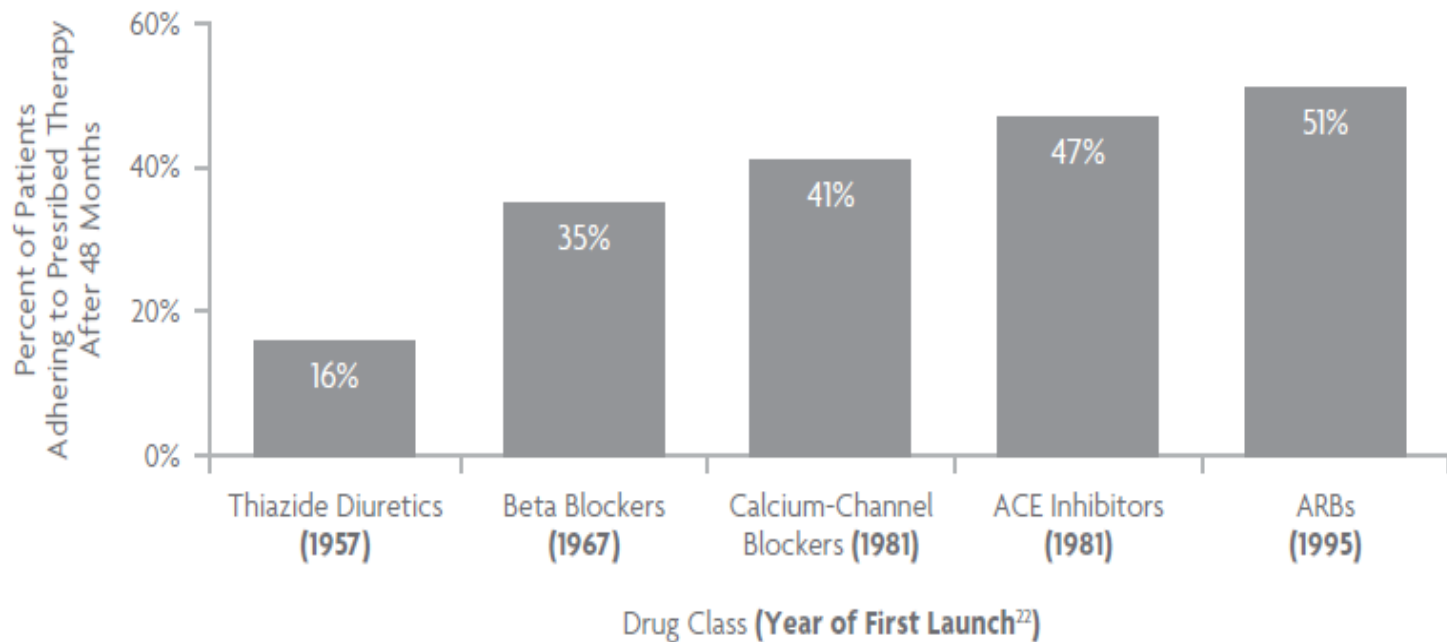
*For adherent patients compared to non-adherent patients.

Sources: M.C. Roebuck, et al.⁶; C.C. Afendulis, et al.⁷; J.M. McWilliams, et al.⁸; C.C. Afendulis and M.E. Chernew⁹

New Classes of Medicines can Improve Adherence and Persistence

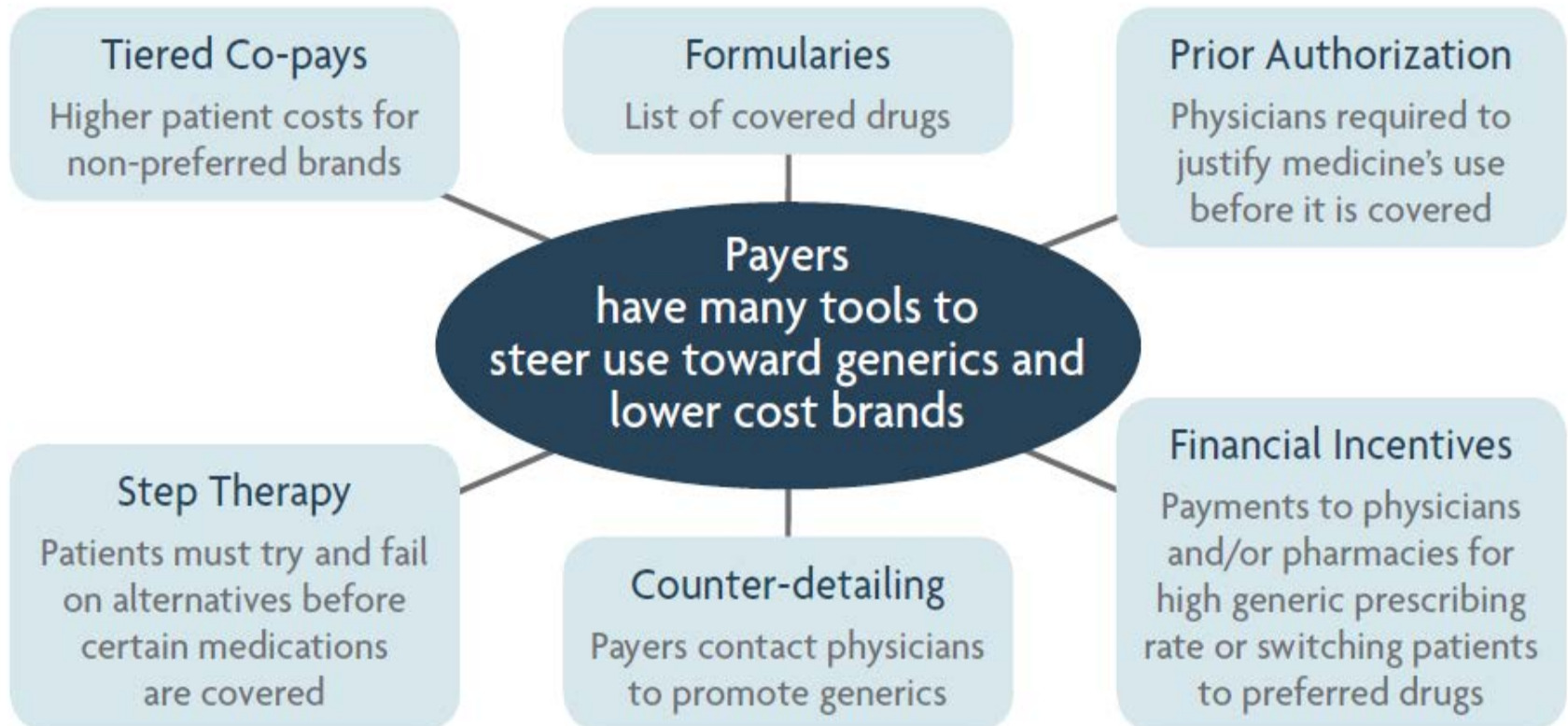
Studies have found better adherence to newer medicines.²⁰ Similar results have been found even when insurance requires higher patient cost-sharing for the newer medicines compared to older medicines.²¹

Persistence Patterns Among Antihypertensive Patients, by Drug Class²⁰



Sources: P. Conlin, et al.²⁰; D.A. Taira, et al.²¹; Drugs@FDA²²

Payers Influence Which Medicines Patients Receive



Sources: PhRMA, from PBM annual reports¹³

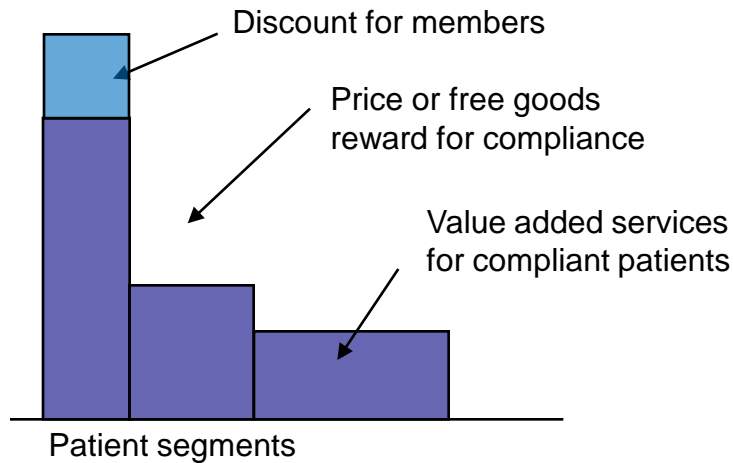
How Pharmaceutical Industry Helps Access of Medication to Patients? (Innovative Pricing Models)

Potential means for brands to overcome market access hurdles post approval and obtain prices

- **Outcomes-based Pricing Agreements**
- **Value-based Pricing Agreements**
- **Pricing Agreements Based on the Achievement of Treatment Targets**
- **Price and Volume Agreements**
- **Capitation Agreements for an Individual Patient/Patient Population**
- **Portfolio Agreements for an Individual Patient/Patient Population**
- **Portfolio Trade-off Agreements**
- **Value-added Service Agreements**
- **Differential Pricing Models**

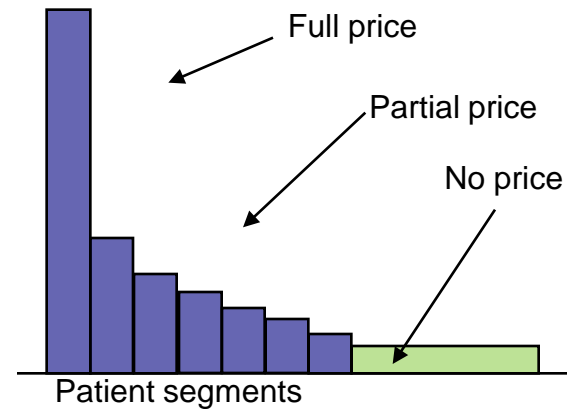
Example of MEA in Helping Patients Access

Willingness to Pay Based Pricing Models



- Loyalty Card: e.g. progressive discounted price for members, additional reward for compliant patients (4+1), value added services (free routine tests) for long term compliant patients

Affordability Based Pricing Models



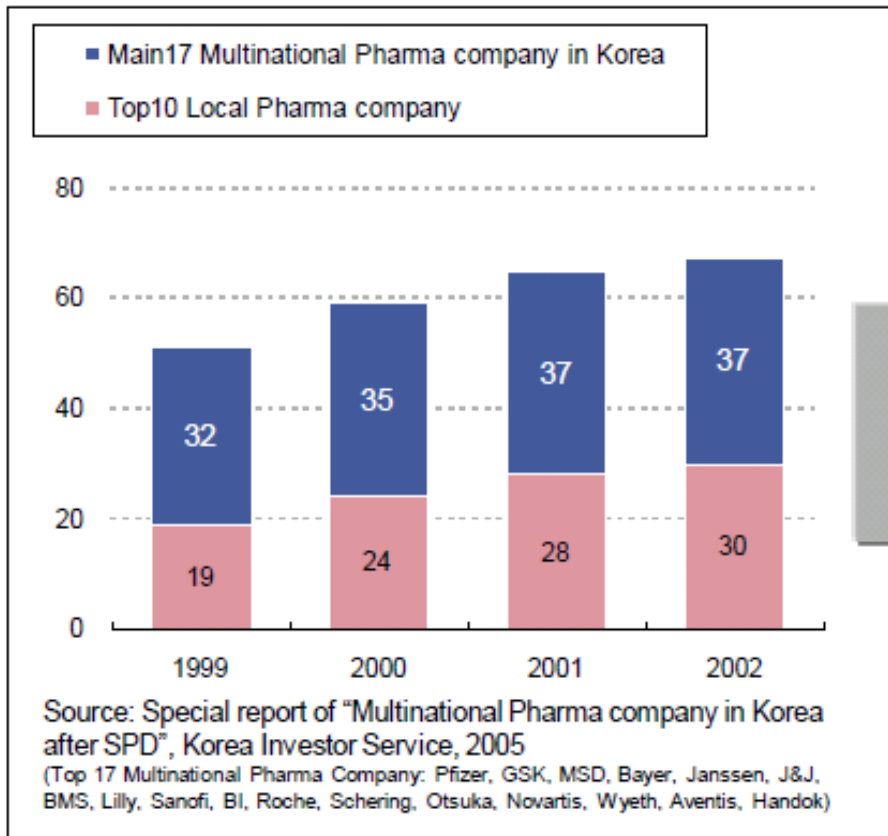
- Patient Assistance Program, e.g. Patients pay what they can afford, governments or private insurance companies may contribute



Benchmark from Korea

After SPD in 2000, industry growth was led by multinational companies with branded drugs...

Market Share: Multinational vs. Local Pharma Company after SPD* in 2000



Top 10 Drugs by Reimbursement Claimed Value in 2009

"7 out of Top 10 drugs are Multinational Pharma company"

1	Plavix	Sanofi Aventis
2	Stiren	DongA
3	Glivec	Novartis
4	Novarsc	Pfizer
5	Lipitor	Pfizer
6	Amodipine	Hanmi
7	Baraclude	BMS
8	Crestor	AZK
9	Ultrabist	Bayer
10	Gliatirin	Daewoong

Source: Health Insurance Review & Assessment Service (HIRA)



Benchmark from Turkey



After UHC in 2010, industry growth was led by multinational companies with branded drugs...

TOP 10 INTERNATIONAL AND LOCAL PHARMACEUTICAL COMPANIES

Top 10 International Pharmas	2010 Est. Share	
	% of Internationals	% of Total Market
Novartis	13	7.6
sanofi-aventis	11	6.8
Pfizer	9	5.3
GlaxoSmithKline	7	4.3
Bayer	6	3.8
Merck	6	3.6
Roche	6	3.5
AstraZeneca	6	3.4
Abbott/Solvay	5	2.7
Menarini	4	2.5
Other international	27	15.6
Totals	100%	59%

Top 10 Local Pharmas	2010 Est. Share	
	% of Locals	% of Total Market
Abdi Ibrahim	16	6.3
Bilim	11	4.7
Deva	8	3.3
Sanovel	7	2.9
Eczacibasi	5	1.9
Santa Farma	5	1.9
Mustafa Nevzat	4	1.8
Nobel	4	1.7
Aliraif	4	1.7
Biofarma	4	1.5
Other Local	32	13.2
Totals	100%	41%

Source: IMS

Pharmaceutical Market Europe May 2011

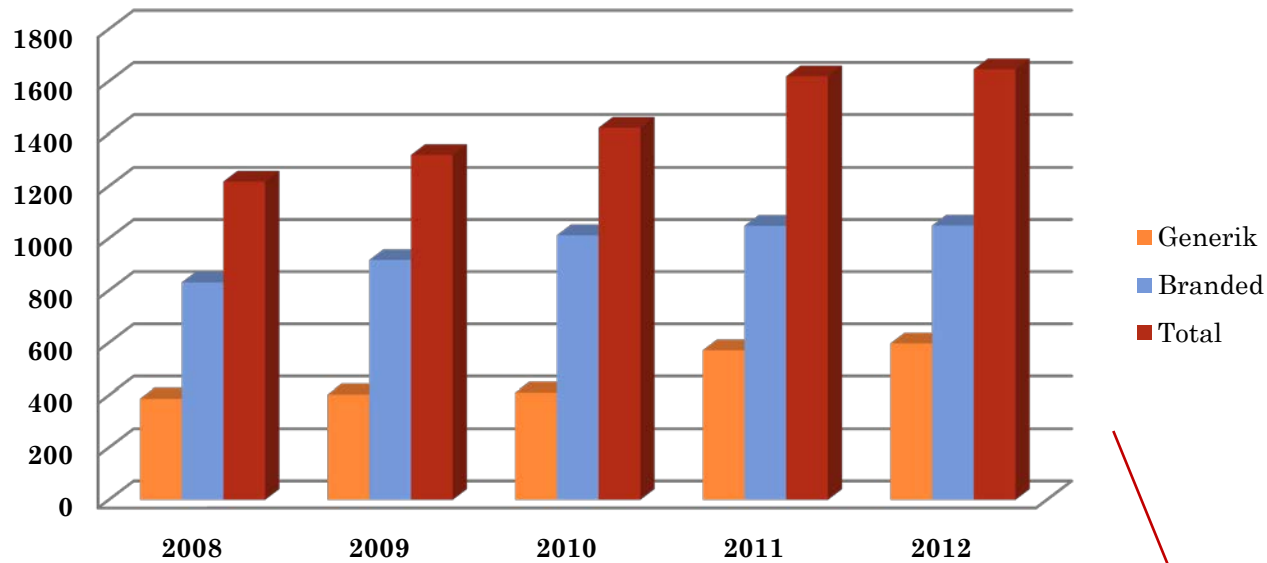
www.pmlive.com/europe

- There are 300 pharmaceutical companies operating in Turkey (16% of them are Multinational Company)
- In 2010, the prescription market was estimated to be over \$10bn and
- Top 10 multinationals holding over 40 per cent of total market

Disclaimer: All the information presented is for healthcare practitioner purposes only.

ASKES Drug Expenditure data Analysis

No of Branded Drugs increasing year by year



Total item	Year				
	2008	2009	2010	2011	2012
Generic and branded generic	387	403	410	571	597
Branded Drugs	831	917	1.012	1.048	1.049
Total item of Drugs DPHO	1.218	1.320	1.422	1.619	1.646

Source: ASKES data

Conclusion

- Each sphere of society – from government and charitable organizations, to medical professionals and business – has a role to play in support of the right to health and access to innovative drugs.
- All of us to support government in ensuring implementation of SJSN (Universal Health Coverage) by 2014.
- Therefore extended supply would be prepared as well as patients accessibility and affordability.
- Innovations are cost saving and efficiency improving
- Changing size in the treatable population size, type of medicine and medication regimen are the main factors in deliverable on the quality medication
- Evidence Shows use of Quality Medications on Medicines Reduces Spending on Other Health Care Services
- New Classes of Medicines can Improve Adherence and Persistence
- Access to medicines is not only about price, but more on accessibility and affordability.
- Managed Entry Agreement (Innovative Pricing Models) should be one of important scheme that helps access to innovative drugs.

Thank you

