

Inequality in Access to Innovative Drugs in the Philippines

Current Policies, Implications to Equity in Access and Ways forward

Karlo Paolo P. Paredes
Policy, Market Access and Government Affairs Head
Novartis Oncology – Philippines
karlo.paredes@novartis.com

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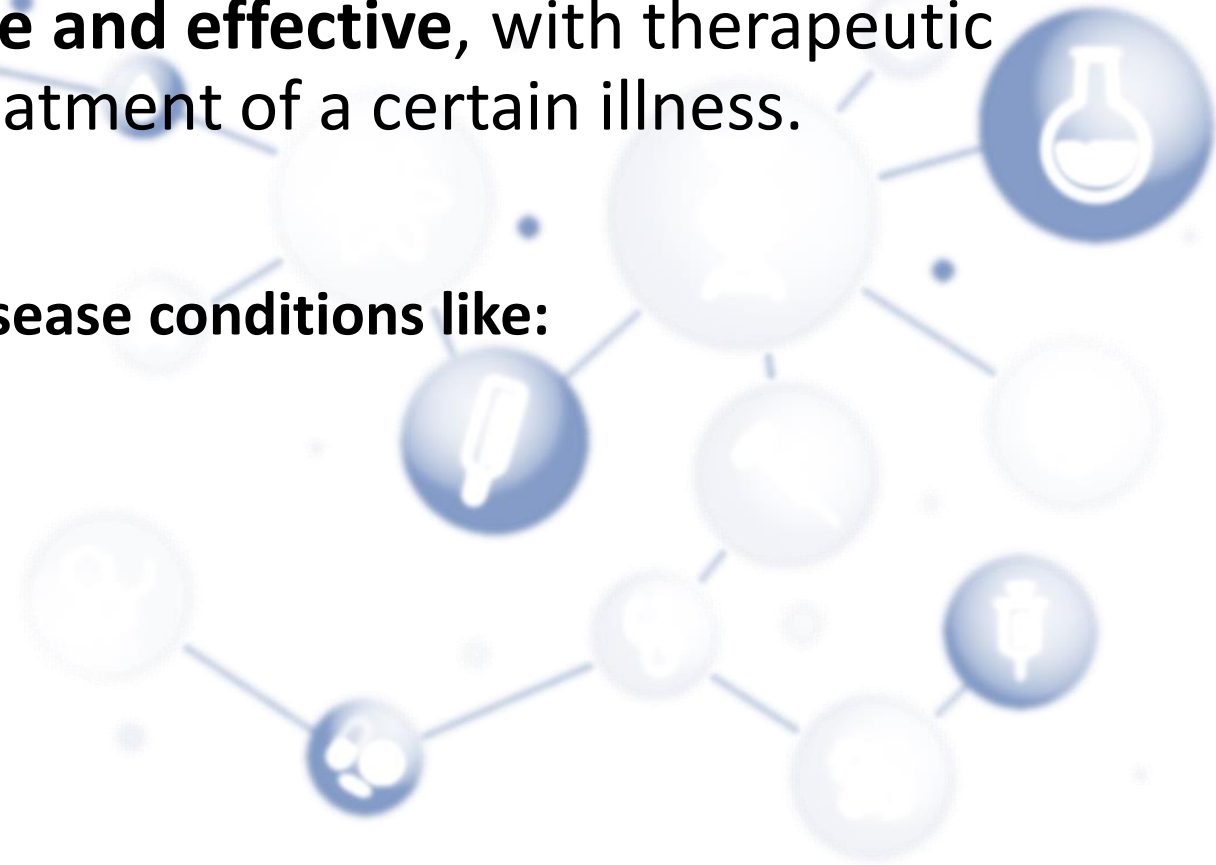
Innovative Medicine



Medicines that use previously non-existent active ingredient that is safe and effective, with therapeutic advantage for the treatment of a certain illness.

Important for certain disease conditions like:

Cancer
HIV/AIDS
Rare Diseases
Other more



Why do we need regulations?

Healthcare decisions are imperfect; Often require doctor's expert opinion on what health interventions are needed, especially in health care (*Patients don't have perfect knowledge of their conditions and would require expertise of health professionals*).

- **Information Asymmetry:** One party has more or better information than the other (Patients vs. Doctors);

Safety / Public Health is a priority. Introduction of new technology should not harm patients, it's impact on public health must be ensured.

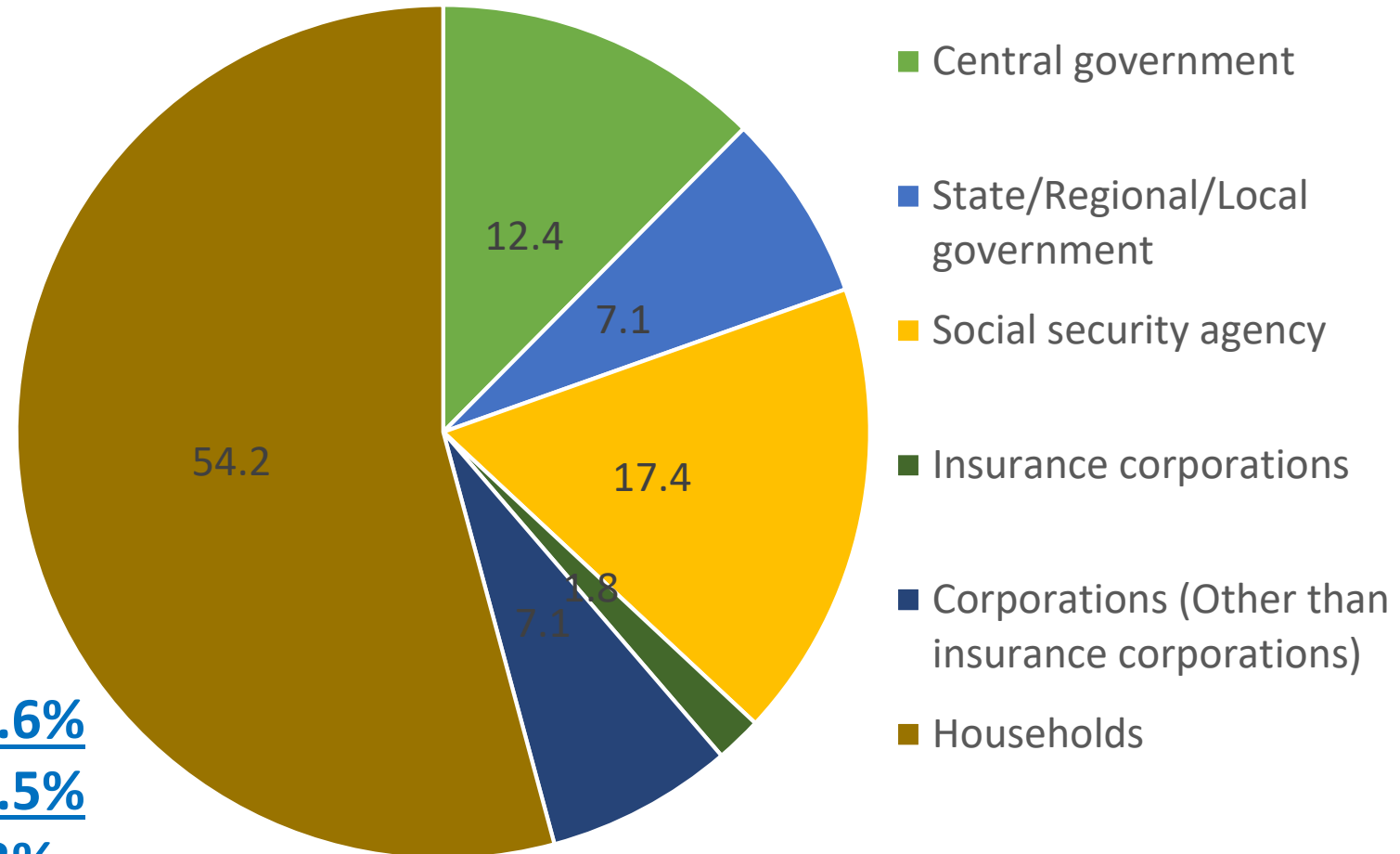
Who pays for Health Services?

What's being paid?

Overall spending for Drugs:
38.1% of TEH

Overall spending for Hospitals
(% of TEH)

Private Hospitals **22.6%**
General Public Hospitals **18.5%**
Specialized Hospitals **0.3%**



Source: 2016 Philippine National Health Accounts, PSA

Sources of Financing

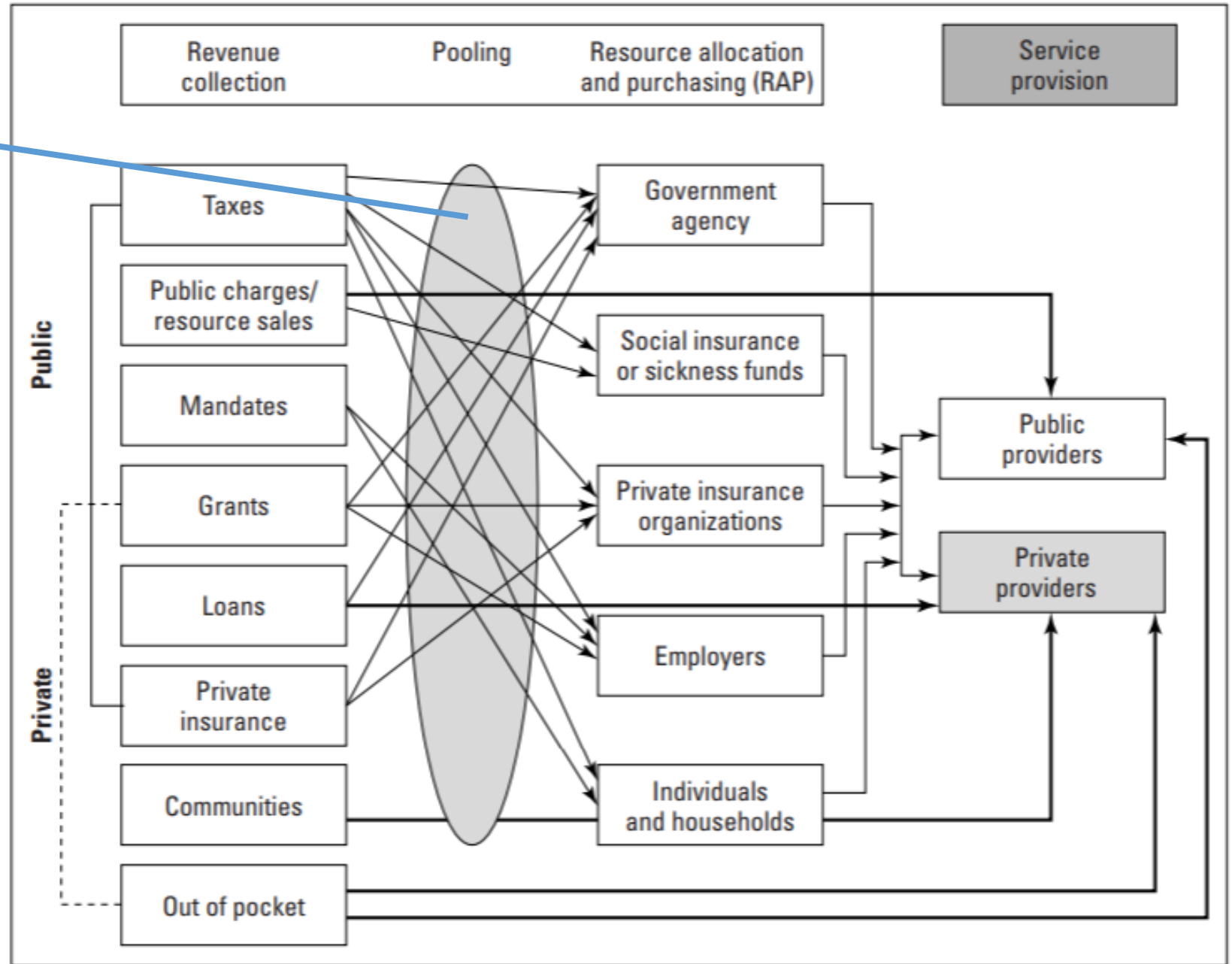
- **Public Financing:** Pooling over income and health risks **(36.4%)**
 - Taxation; Government financed and managed health facilities
 - Social Health Insurance: Insurance contribution and national government subsidies for national health insurance.
- **Private Financing**
 - Private Health Insurance (Risk-pooling; Risk-based premiums) **(1.8%)**
 - **Out-of-pocket (OOP) payment: No risk pooling, regressive (54.8%)**

Catastrophic Spending: When OOP spending consume such large portion of household's available income.

UHC Law

Interactions among Revenue Raising, Risk Pooling, Resource Allocation and Service Provision

(Schieber, et. al., 2006)

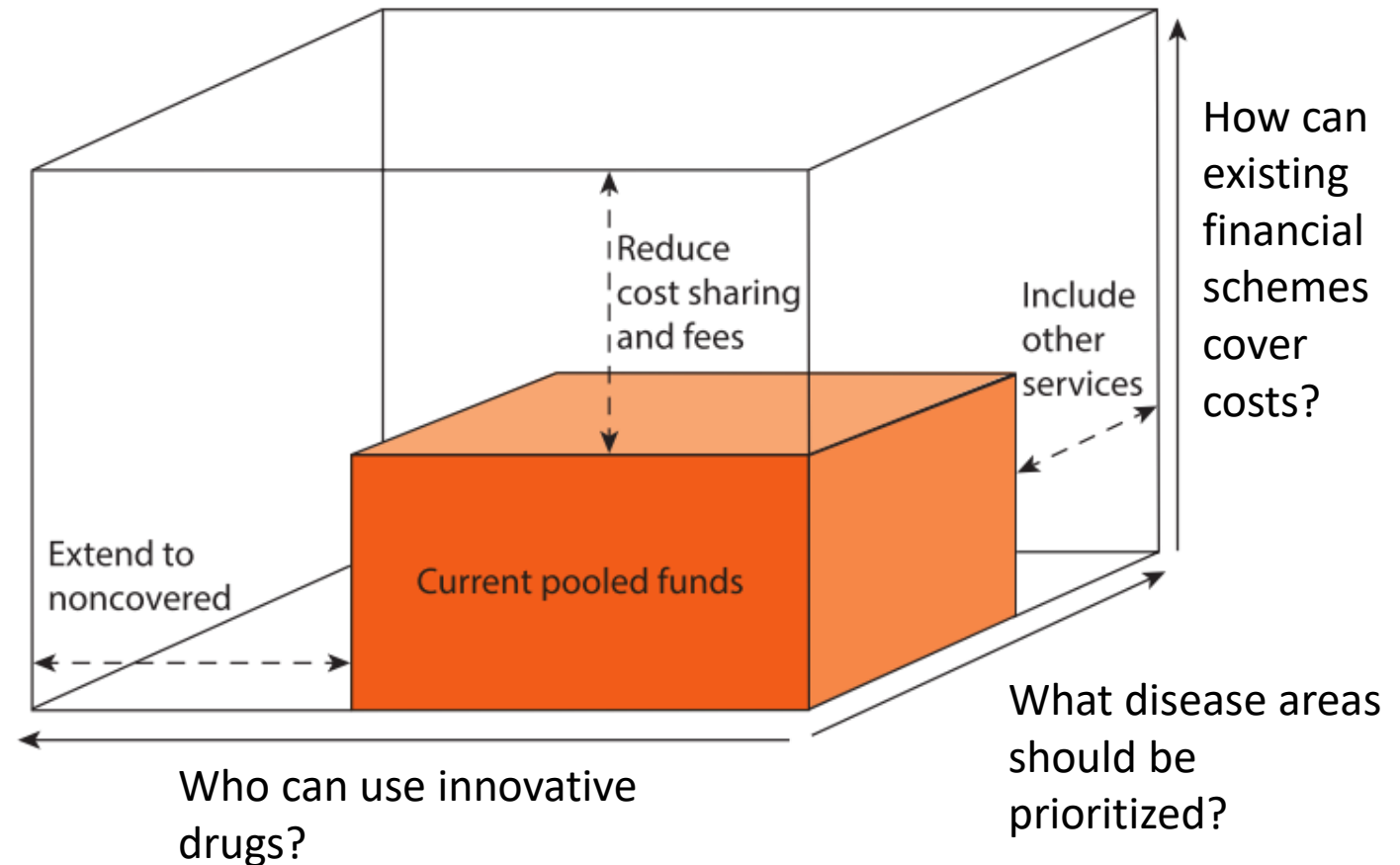


Universal Health Coverage (Innovative Medicines)

Universal Health Coverage is defined as ensuring that **all people can use the promotive, preventive, curative, rehabilitative and palliative health services they need**, of sufficient quality to be effective, while ensuring that the use of these service **does not expose other user to financial hardship.** (WHO)

Three dimensions of UHC

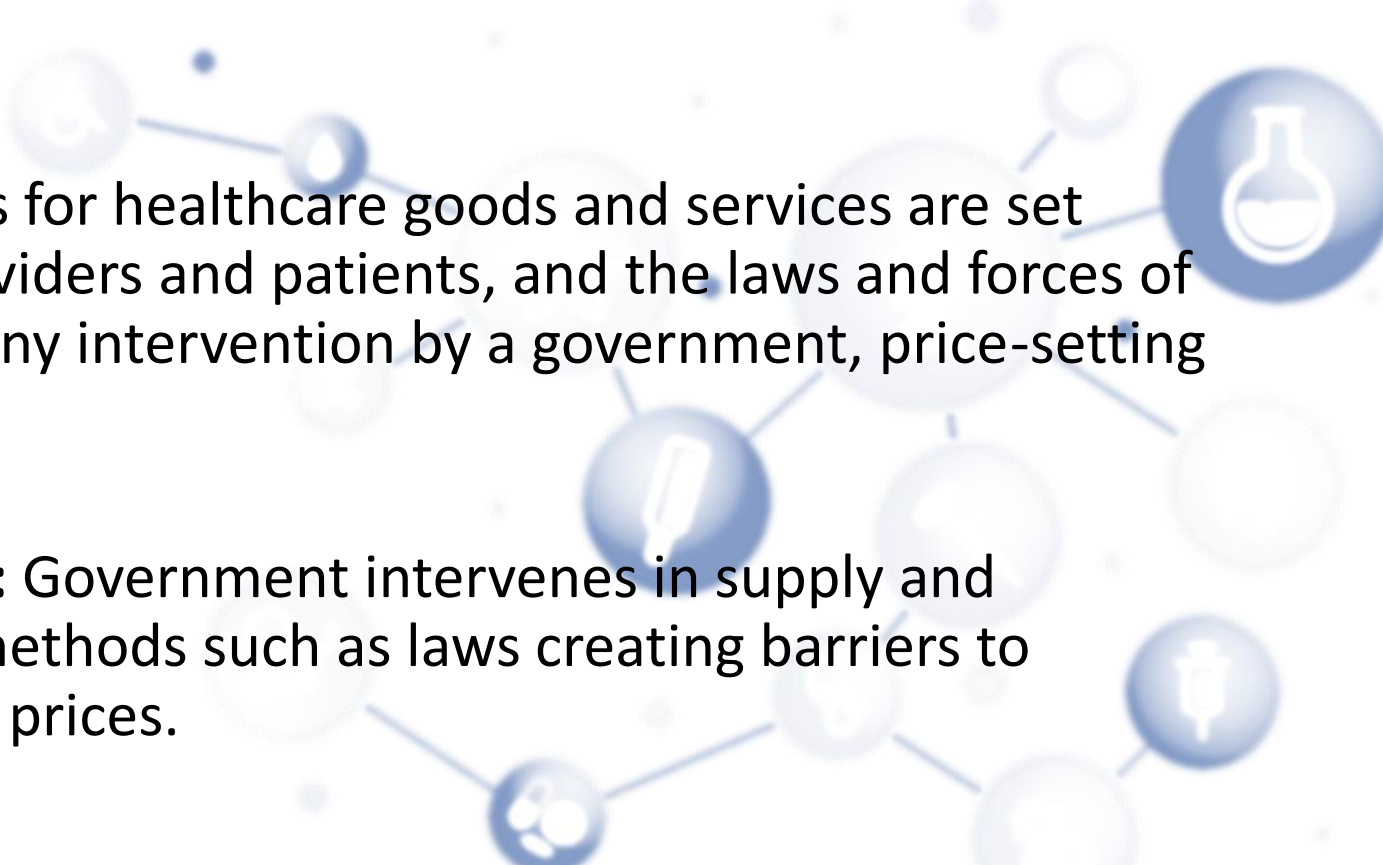
- **Population coverage**
- **Health Service Coverage (Breadth)**
- **Cost coverage (Depth)**



Pharmaceutical Polices in the Philippines

How it works, its impact in making life saving medicines available to all

Healthcare Market

- Interaction between providers and consumers of health care services (Insurers included)
 - **Free-market Health Care:** prices for healthcare goods and services are set freely between health care providers and patients, and the laws and forces of supply/demand are free from any intervention by a government, price-setting monopoly, or other authority.
 - **Regulated-market Health Care:** Government intervenes in supply and demand through non-market methods such as laws creating barriers to market entry or directly setting prices.
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Pharmaceutical policy in the Philippines

- ✓ Government procurement of approved drugs and medicines
- ✓ PNF requirement for PhilHealth reimbursements / other social assistance



PNF
(DOH)

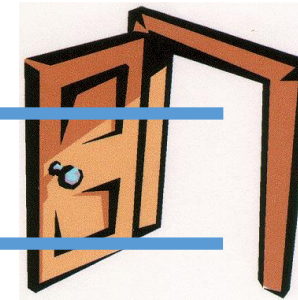
Regulated Market



Free Market



- ✓ Drugs made available for public use
- ✓ Availability dependent on drug distribution (e.g. Distribution routes, availability in pharmacies)
- ✓ Prescriptions / Non-prescription



Food and Drug
Administration



Pharmaceutical policy and Innovative Medicines: Effects on providers



Private Hospitals



Government Hospitals

Availability

- ✓ Early Adopter

- ✓ PNF Dependent
- ✓ PNF exemption requests allowed (1 year)

Pricing

- ✓ Manufacturing / Distribution cost
- ✓ Subject to hospital / pharmacy mark-ups

- ✓ Central / Hospital procurement of medicines
- ✓ Drug Price Reference Index

Accessibility

- ✓ Prescription dependent; Most available in large, private hospitals

- ✓ Prescription dependent; May not be available (dependent on PNF / Exemption)

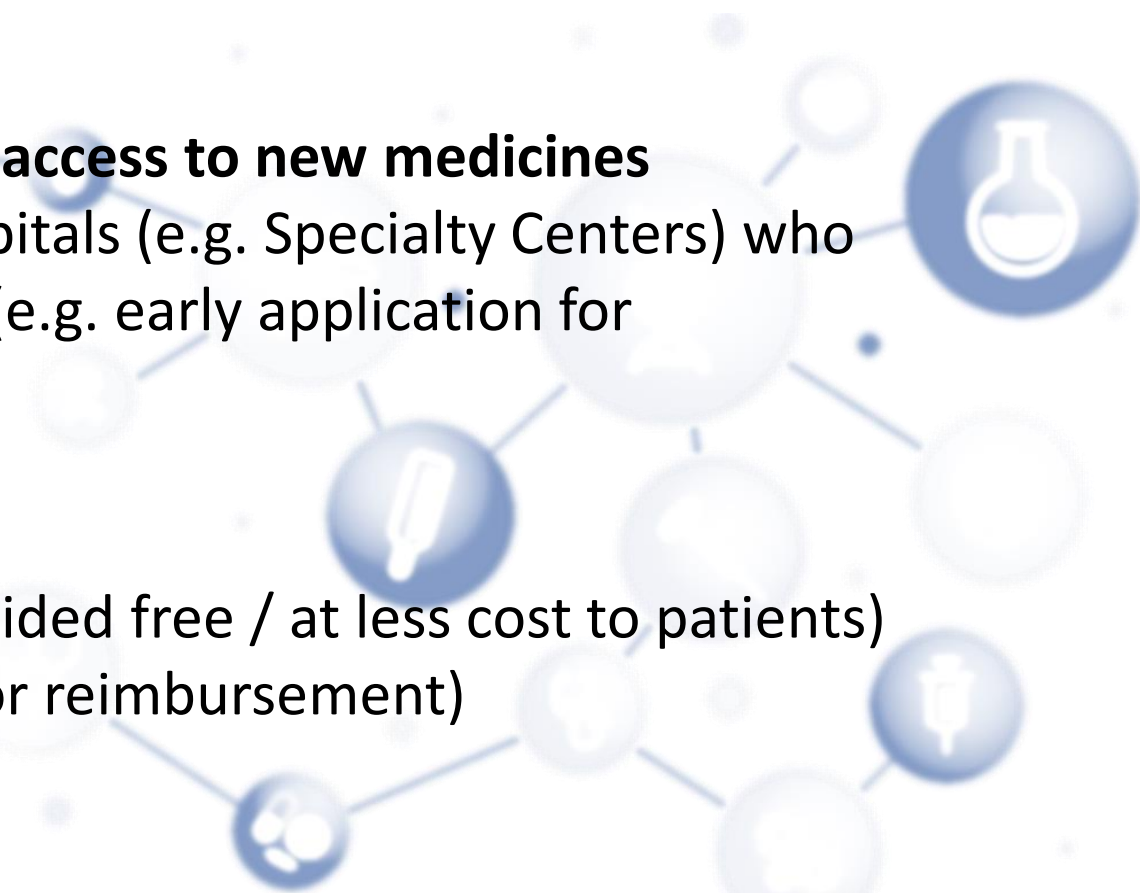
Financial Risk Protection

- ✓ OOP dependent

- ✓ OOP dependent; Possible government financing (if PNF listed)

Access to Innovative Medicines

- ✓ **Private hospitals are more adoptive of new medicines**
 - Costs carried by Patients (Impact on OOP)
 - **Pro-rich**
- ✓ **Government hospitals may have less / late access to new medicines**
 - Exemption to specialty government hospitals (e.g. Specialty Centers) who may have an “urgent” need of the drug (e.g. early application for exemption)
 - PNF takes time to update
 - Limited financial risk protection unless:
 - Government procure medicine (provided free / at less cost to patients)
 - The drug is listed in PNF (eligibility for reimbursement)



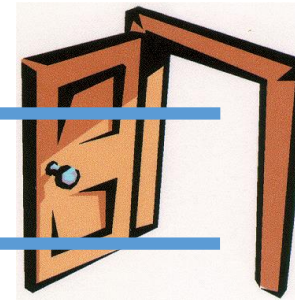
PNF and Innovative Medicines

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PNF
(DOH)

Health
Technology
Assessment



Food and Drug
Administration



Regulated Market

Free Market

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How do we solve inequities in access to innovative medicines?

- 1. Increase awareness on new / innovative trends in Medicine (DOH, PhilHealth, Medical Providers and the General Public)**
 - ✓ Functionally, **HTA can provide a space where Pharmaceuticals (Innovators), Experts and Decision makers in health can talk together** about a specific drug / treatment area
 - ✓ **Pre-HTA discussions may be important** because CPG development / updating takes time; innovative medicines may challenge the current healthcare landscape; HTA is not a requirement (some may opt-out of the process).
 - ✓ **Encourage innovation in government facilities**

How do we solve inequities in access to innovative medicines?

2. Pharmaceutical policies to create a more transparent / predictable route for Innovative Medicines

- ✓ **DOH / PhilHealth will need to classify Urgent / Non-Urgent medical innovations for HTA assessment.** Otherwise, further delays in access will result to further Inequalities in access (especially for the poor and to life-saving medications)
- ✓ **Transparency in review time** (from Application to Decision); to make the process more predictable

How do we solve inequities in access to innovative medicines?

3. Improve government relations with Pharmaceutical Companies / Rebuild trust

- ✓ **The government must be able to build collaborative relationship with innovative pharmaceutical companies** (*Companies that bring solution to public health concerns, disease areas that needs better treatment options*)
- ✓ **Future negotiations must be built on trust and collaboration to solve important public health issue / treatment to an important disease area**
 - Evidence-based medicine listen to robust study designs, epidemiologic evidence, treatment efficacies and other means, not on company profile.
- ✓ **Government to incentivize innovation – not penalize them**

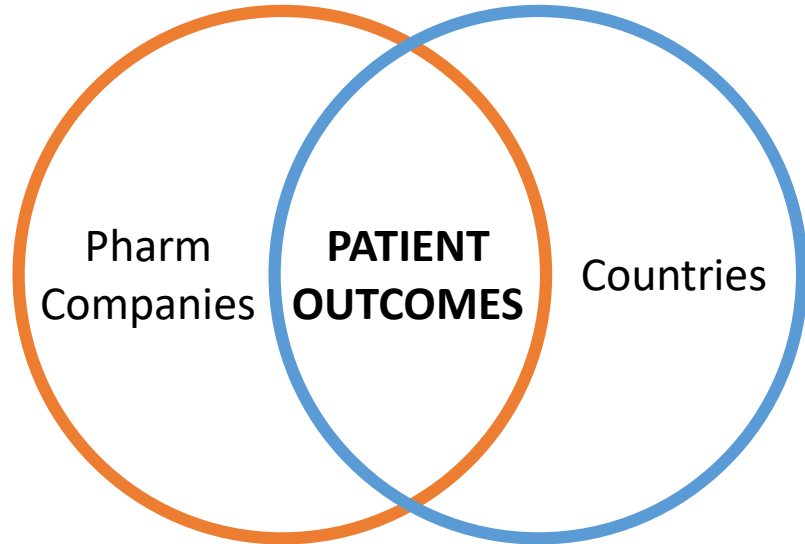
How do we solve inequities in access to innovative medicines?

4. Recognize the need to deliver timely treatment to those who need it

- ✓ **Patients, regardless of income status, deserve equal access to treatment - and this can only be achieved with:**
 - **Better financial risk protection** - third party payers to ensure drugs and medicines are covered, lift burden from the Patient)
 - **Better adaptive capacity** - timely assessment of life-saving medications, more transparent routes for collaboration, compliance with government regulations
 - **Innovations** – We need to continuously challenge how we treat patients, how systems are designed, and how healthcare is being provided

How do we solve inequities in access to innovative medicines?

5. Always affirm the twin goal of Government and Private Innovators: improving health outcomes



- ✓ Safety issues will HURT company reputation (they won't like that)
- ✓ Countries will always ensure safety of the population



END