

Pharma & Health Conference 2013

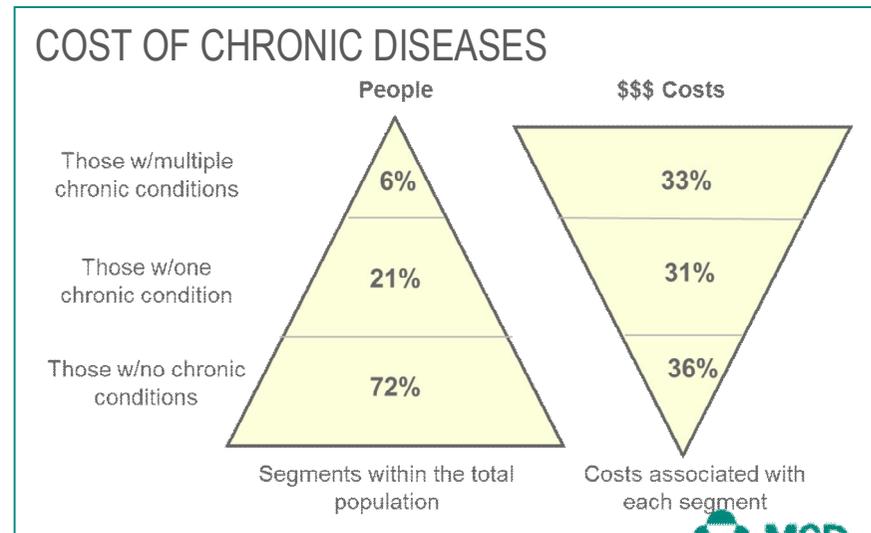
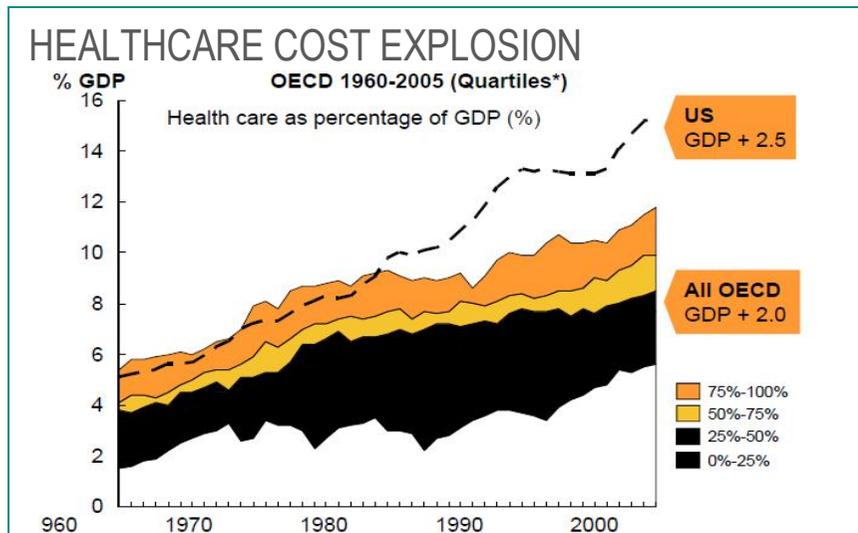
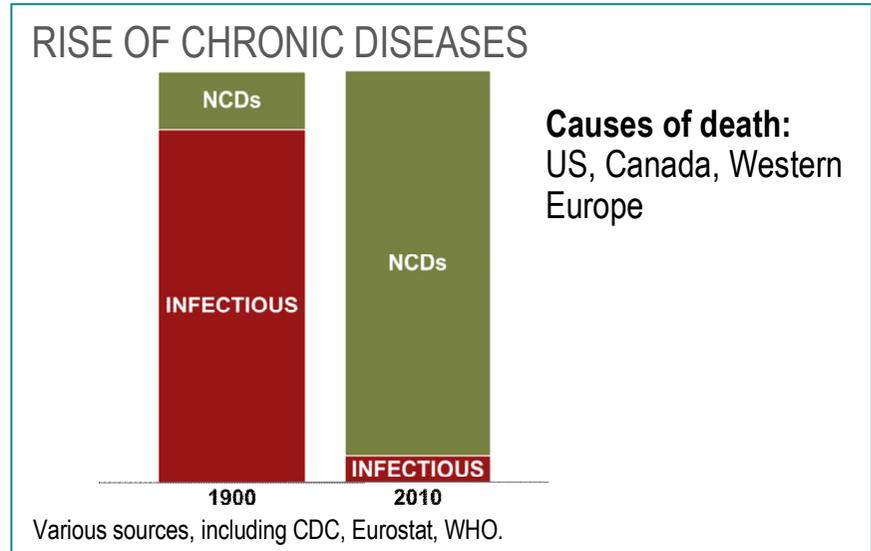
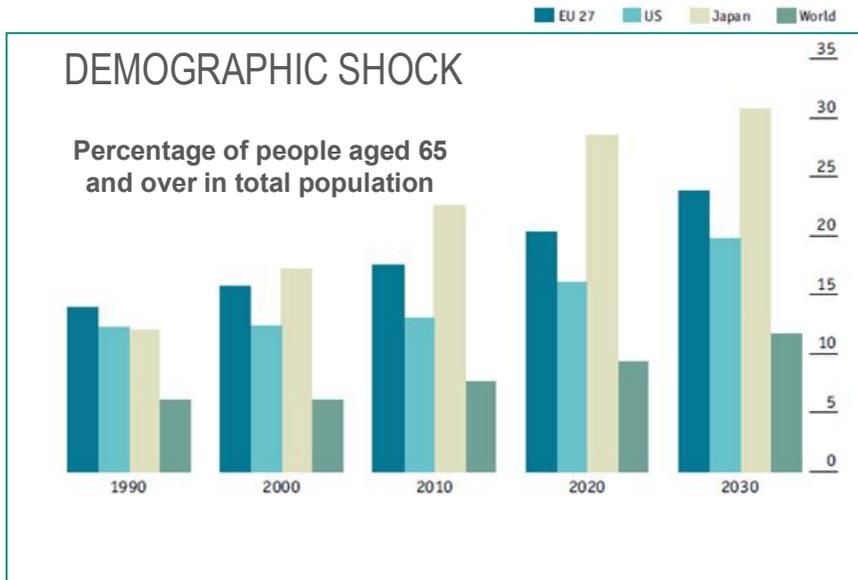
July 4, 2013

The Pharmaceutical Industry's contribution
to Health and Growth – Changing our
perspective

Karim Mikhail
Vice President & Managing Director,
MSD Hellas – Greece, Cyprus, Malta



Unsustainable Healthcare Systems



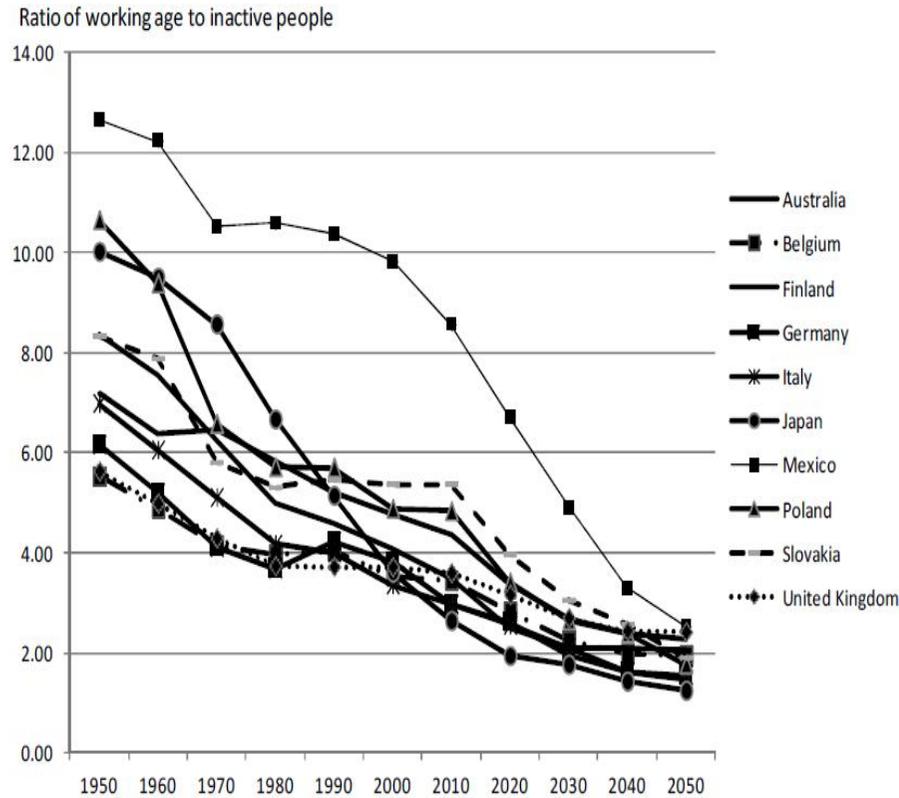
(*) Excluding US - SOURCE: OECD 1960-2005 (pub. 2007)McKinsey analysis

SOURCE: Kaiser Permanente Northern California commercial membership, DxCG methodology, 2001.



Demography and austerity threaten sustainability

Dependency ratio in selected OECD countries



SOURCE: UN (2008)

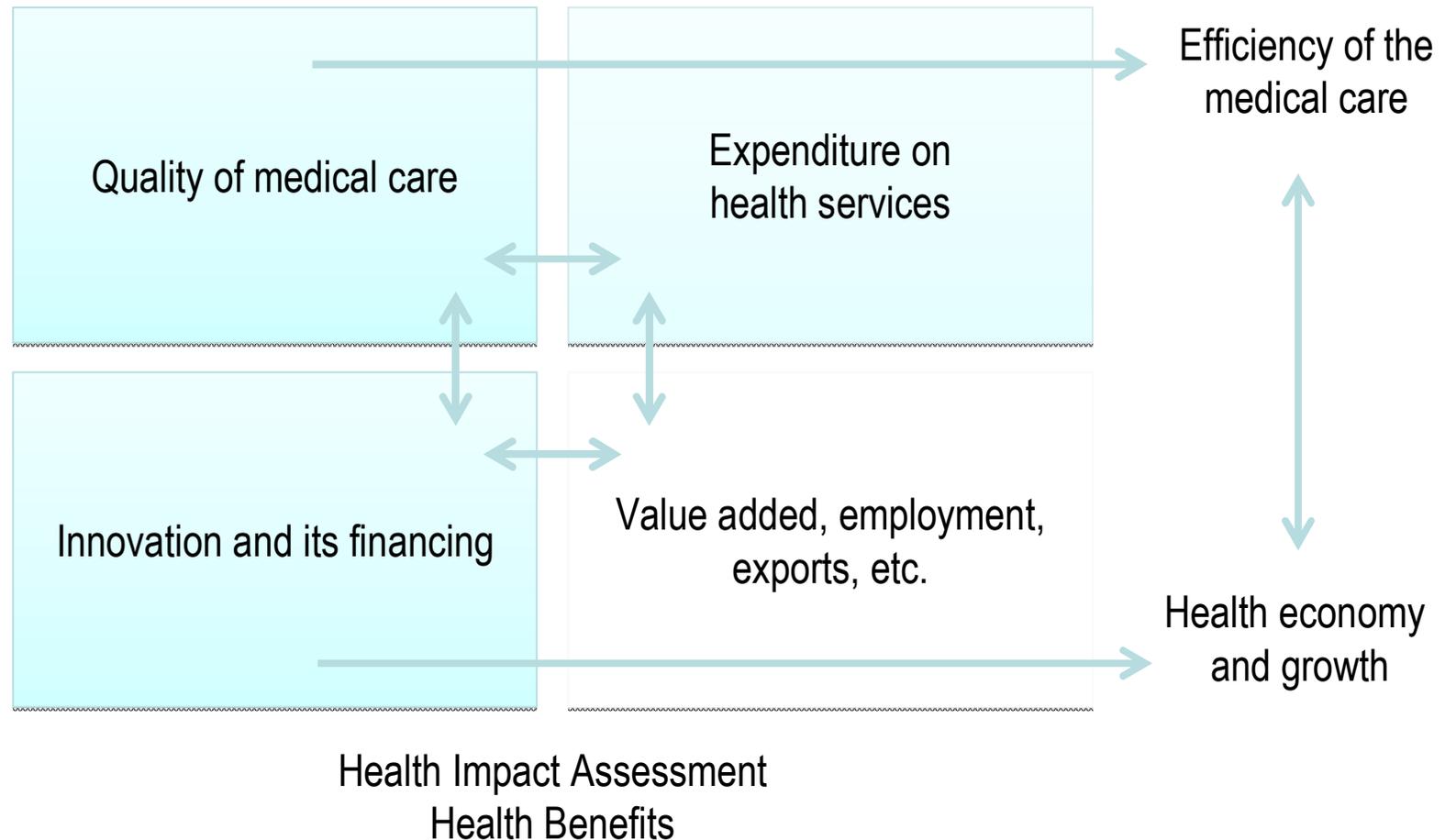
Average OECD health expenditure growth rates in real terms, 2000 to 2010, public and total



SOURCE: OECD health accounts data. June 2012.

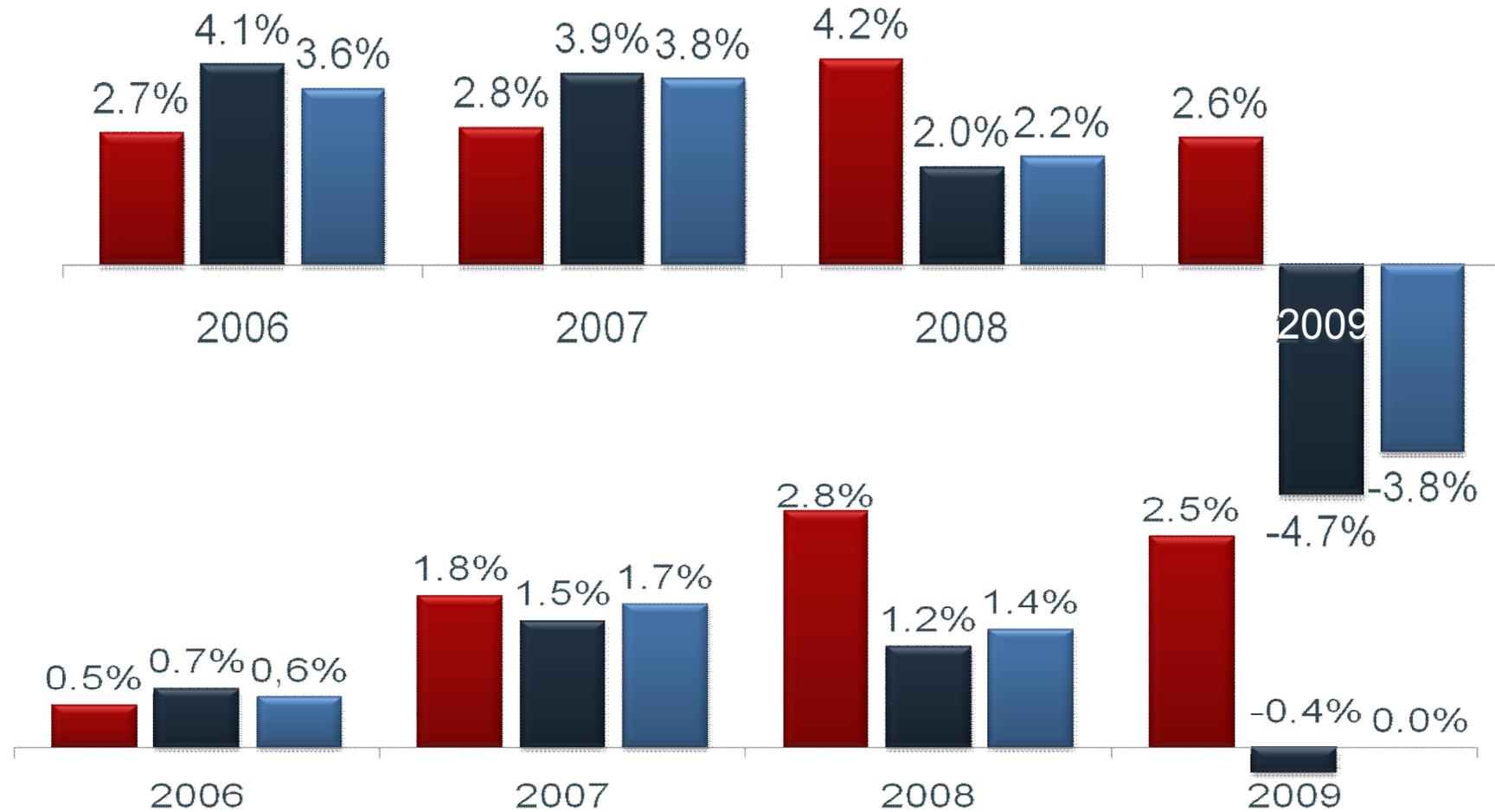
Perspectives of the health economy (Klaus-Dirk Henke)

-Going beyond cost - containment



Adding value – A health economic perspective

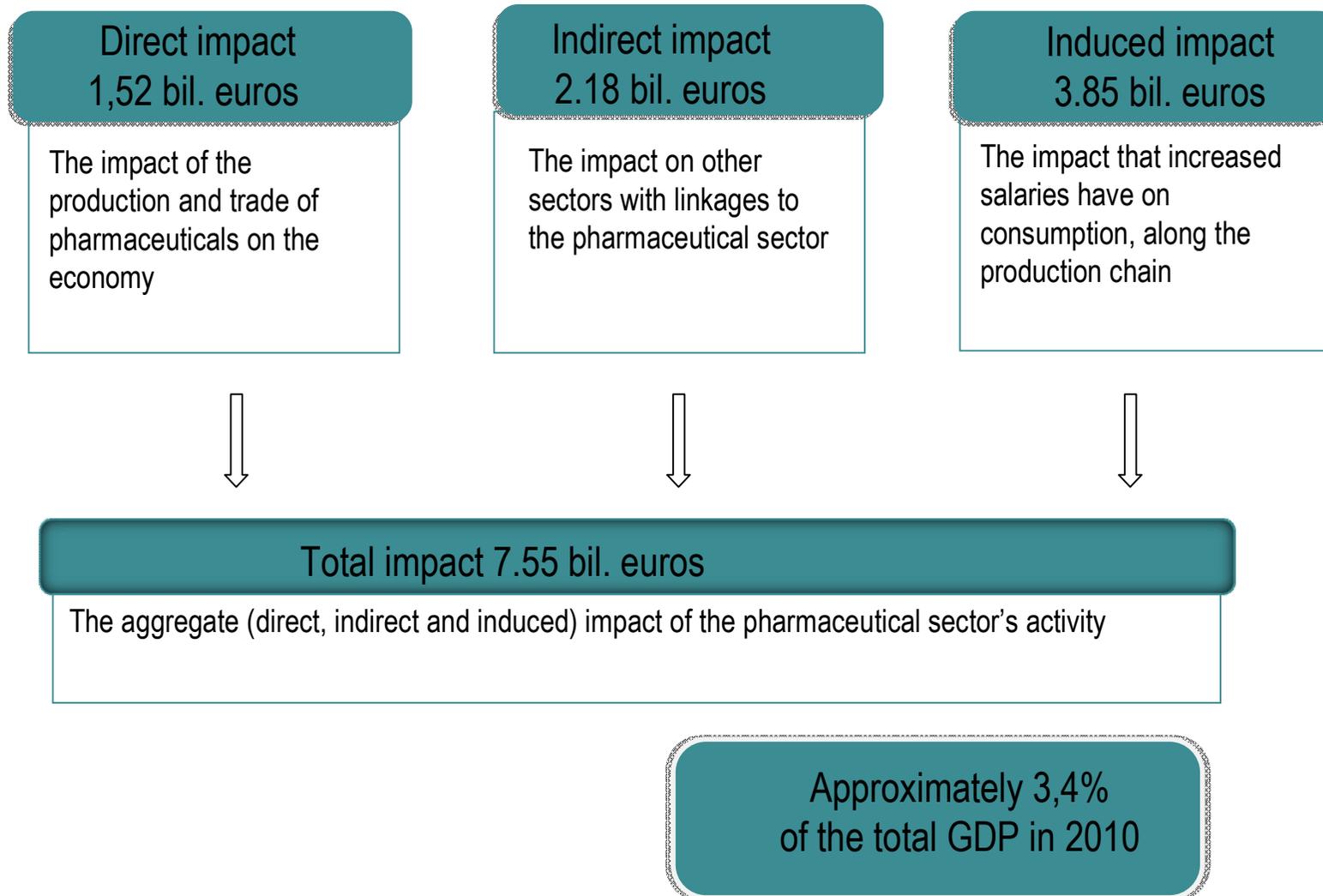
Instead of cost factor → Growth market / job



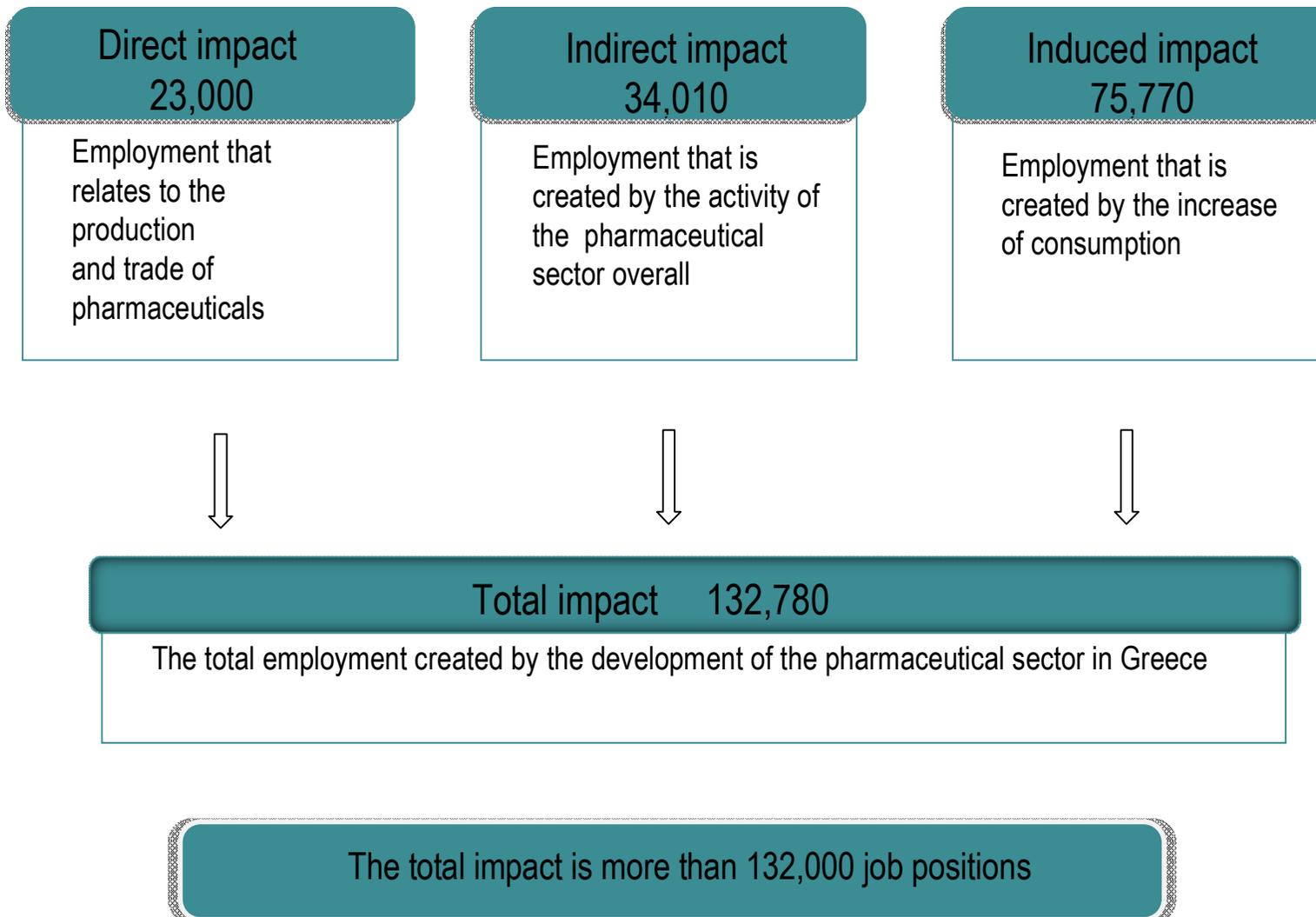
- German health economy
- National economy without health economy
- National economy

SOURCE: Hesse (2012).

The impact of the pharmaceutical industry on the Greek economy

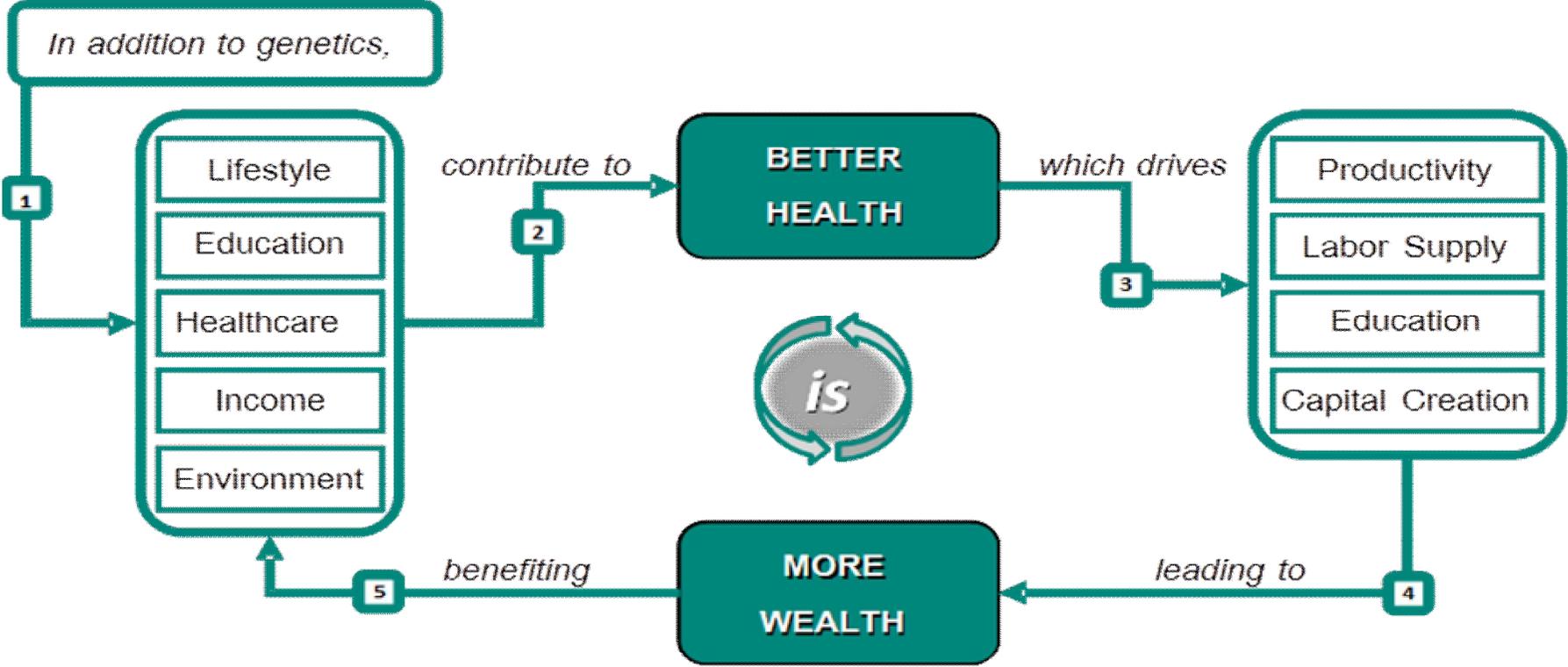


The impact of the pharmaceutical industry on Employment



7 SOURCE: Foundation for Economic and Industrial Research, "The economic footprint of the production and distribution of pharmaceutical products in the Greek Economy", Jan. 2013

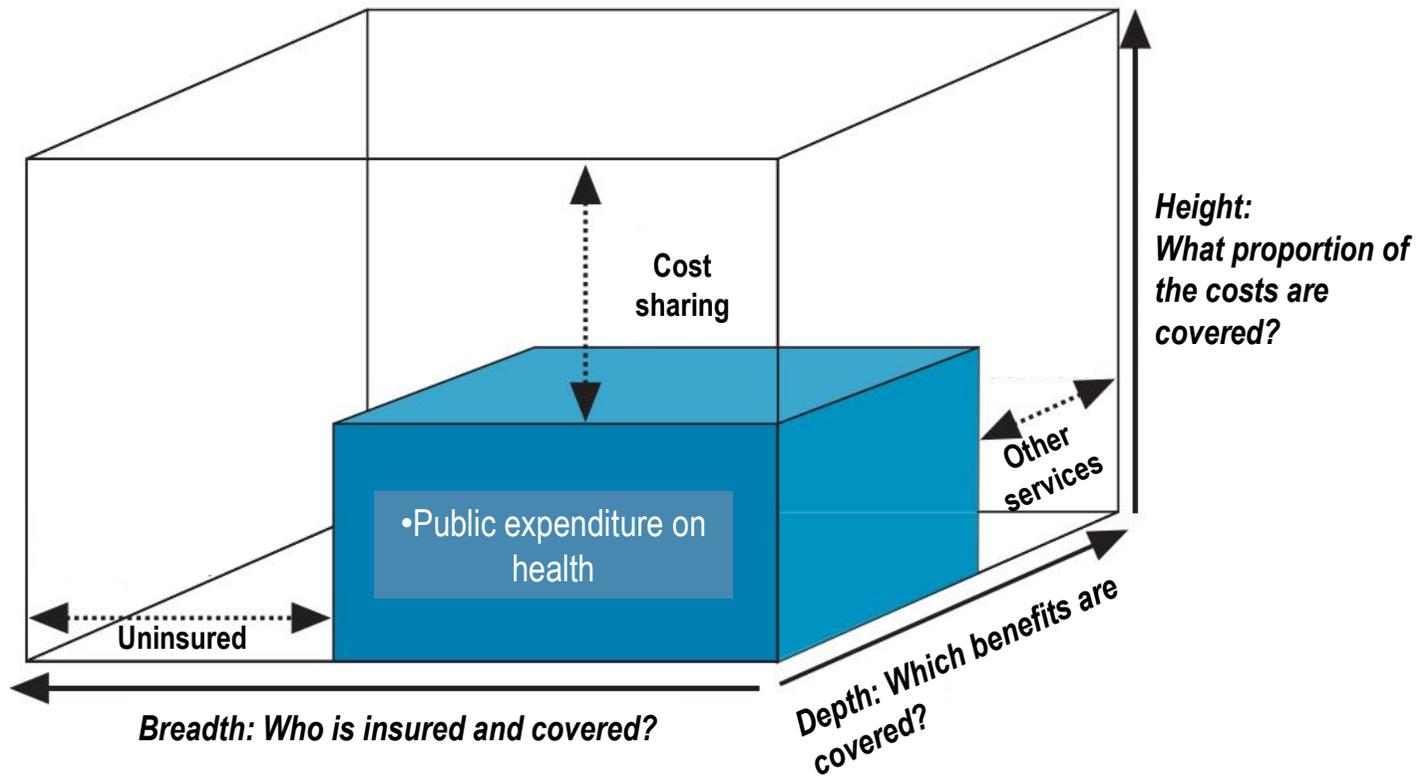
Health is Wealth



One more year in life expectancy adds 4% of GDP (ref)

How to balance Access – Quality – Cost?

Three dimensions of healthcare financing policy

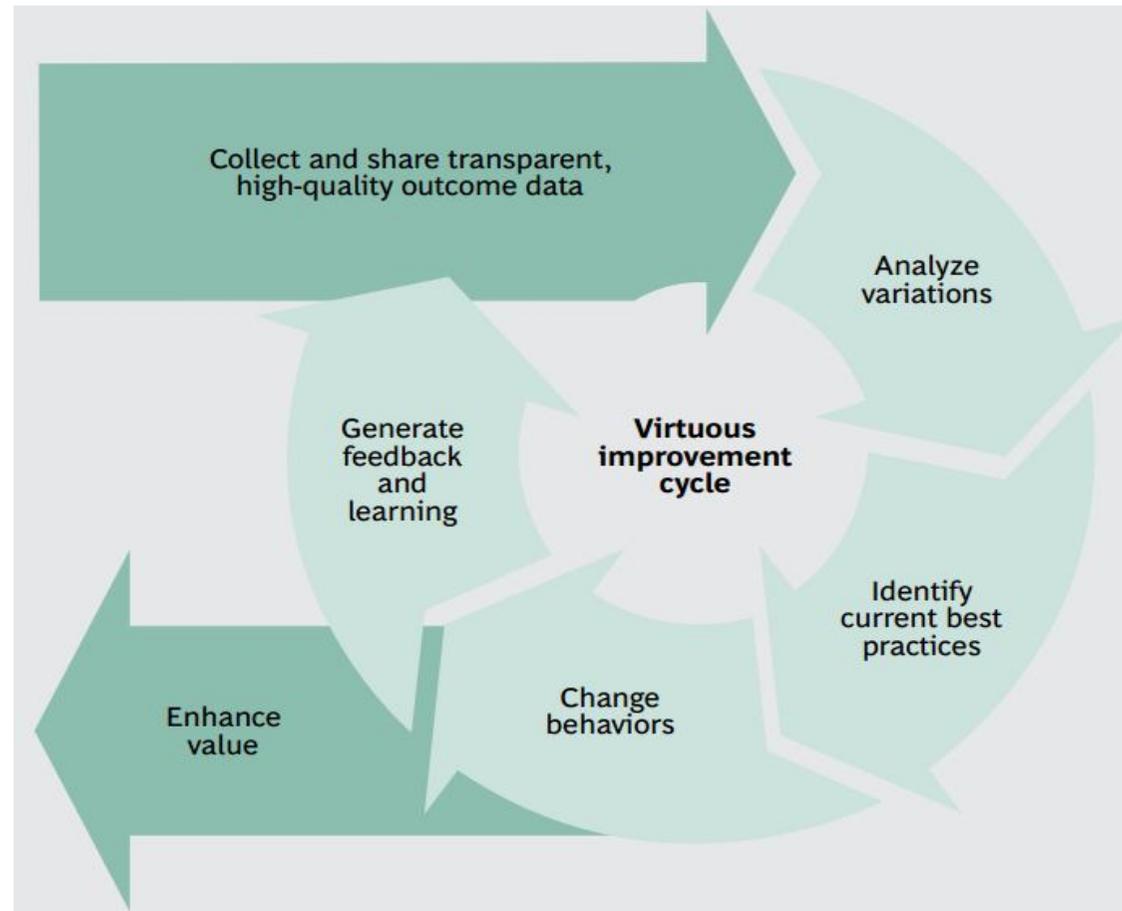


SOURCE: Busse R, Schlette S, eds. Health Policy Developments Issue 7/8. Focus on prevention, health and aging, new health professions. Gütersloh, Verlag Bertelsmann Stiftung, 2007

http://www.hpm.org/Downloads/reports/Health_Policy_Developments_7-8.pdf

Principle 1: Focus on Value not on Budget

Value-based health care delivers improved health outcomes at a given level of cost



SOURCE: *Progress Toward Value-Based Health Care Lessons from 12 Countries*, BCG (2012)

Principle 2: Patient-centered healthcare

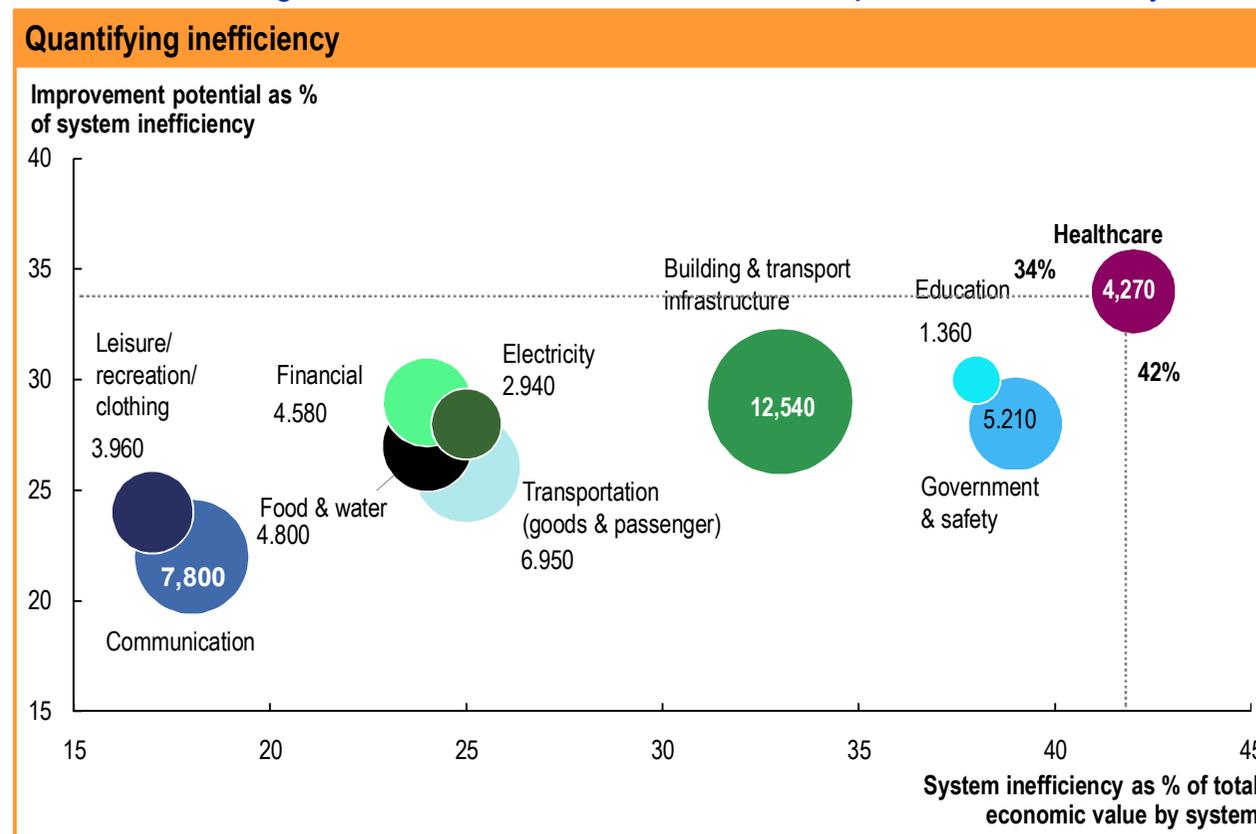
Payer/provider-centred healthcare		Patient-centred healthcare
System designed for disease		System designed for health
Patients are passive consumers of care services		Patients are active partners in managing own health
Reactive – aim for cures when symptoms occur		Proactive – aim for prevention and early detection
Providers held responsible for advising patients		Providers held responsible for health of population
Culture of avoiding mistakes		Culture of striving for improvement
Fragmented care – physicians work as individual experts		Integrated care – physicians work as part of cooperative teams
Decisions by clinical autonomy		Data-driven decisions
Episodic testing		Clinically impactful biomonitoring
Focus on current medical problem		Focus on all risks and needs
Short visits with little information		Continuous personal relationship with coaching
One size fits all		Customized personal approach
Costs out of control		Affordable, value-based care

SOURCE: *Transforming Pensions and Healthcare in a Rapidly Ageing World*, World Economic Forum (2009), adapted from Institute for Alternative Futures, 2019 *Healthcare That Works for All* (2009), and the World Health Organization, *The World Health Report* (2008)

Principle 3: Address health care delivery fragmentation

In a 2010 survey, economists estimated that healthcare is the least efficient system in the world.

Healthcare's fragmentation means that it leads the pack in inefficiency



Note: Size of the bubble <__> value of the system in USD billions
 SOURCE: IBM economists survey 2010; n=480

System inefficiency as % of total economic value by system

IBM report "Redefining Value and Success in Healthcare" 2012



Labor Productivity is a Key Issue

US healthcare, % CAGR 1990-2010



SOURCE: Kocher and Sahni, NEJM, 2011

Non-adherence is a problem of epidemic proportions

Adherence among patients with chronic illnesses averages only 50% (1)



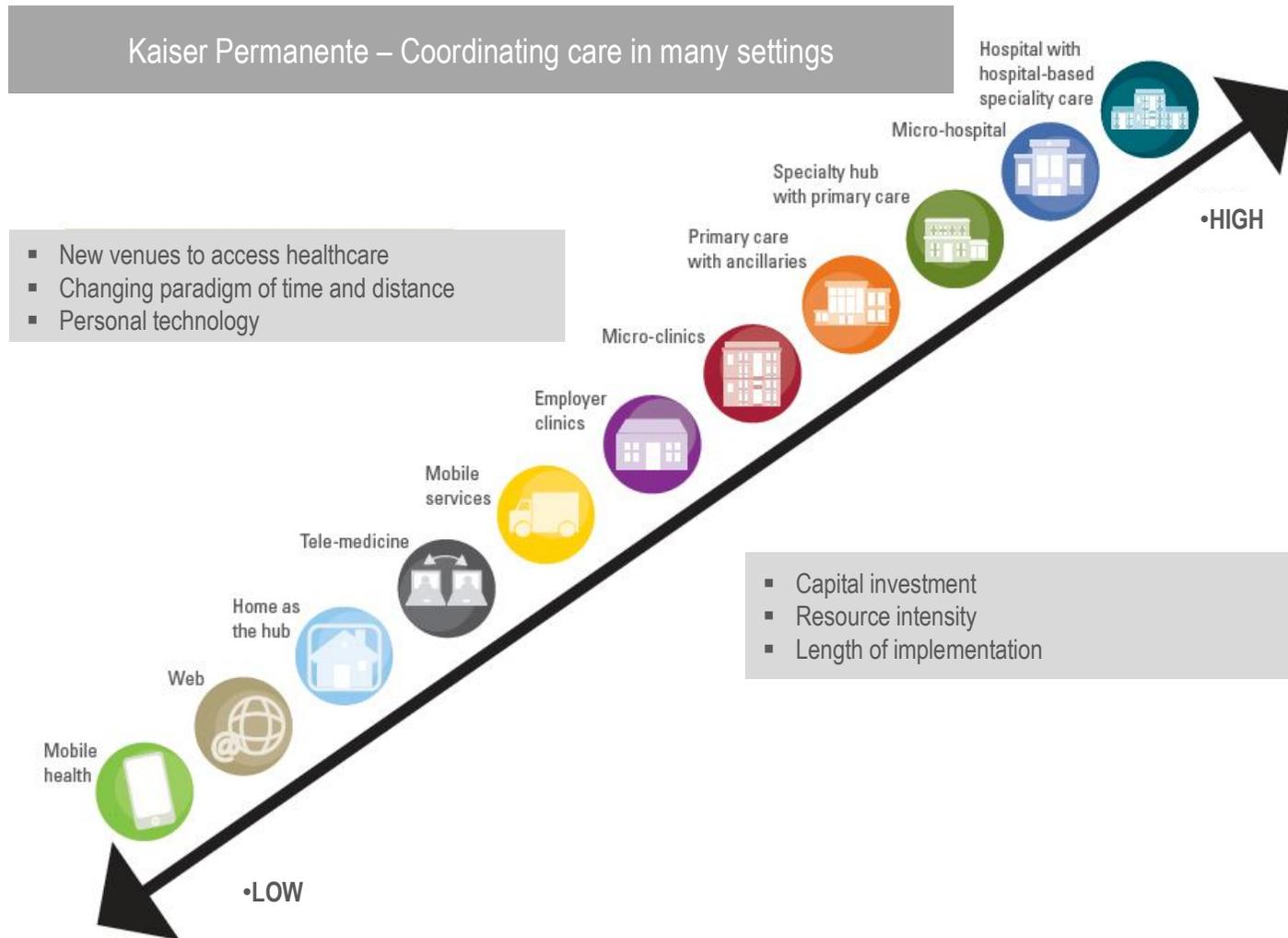
(1) World Health Organization, *Adherence to Long-term Therapies: Evidence for Action*, Switzerland, 2003.

(2) *Enhancing Prescription Medicine Adherence: A National Action National Plan*, National Council on Patient Information and Education USA, August 2007.

(3) *Just what the doctor ordered: An EU Response to Medication Non-Adherence*, Conference on September 28, 2010, Biliothèque Solvay, Brussels.

Graph taken from *EFPIA Annual Review of 2011 and Outlook for 2012* at <http://www.efpia-annualreview.eu/uploads/efpia.pdf>

Principle 4: Implement New approaches to coordinating care



SOURCE: Kaiser Permanente (2012) – Cited in *Global Perspective in Healthcare*, KPMG (2013)

Principle 5: Trust Innovation

Illustration of the spectrum of technologies to support healthy ageing



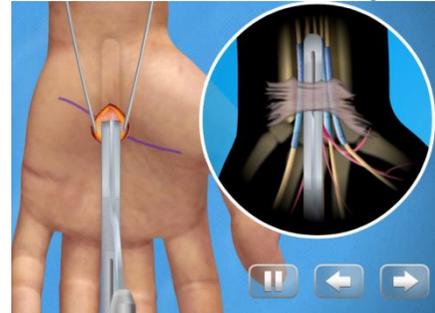
SOURCE: ICT & Ageing - European Study on Users, Markets and Technologies, European Commission (2011)

Innovative technologies are already available

Remote care



Tablet devices for training



eDiary



Kinect technology embedded in daily life



KINECT
for XBOX 360

e.g. Early detection of stroke symptoms, detection of falls

Augmented Reality



Patient self-monitoring

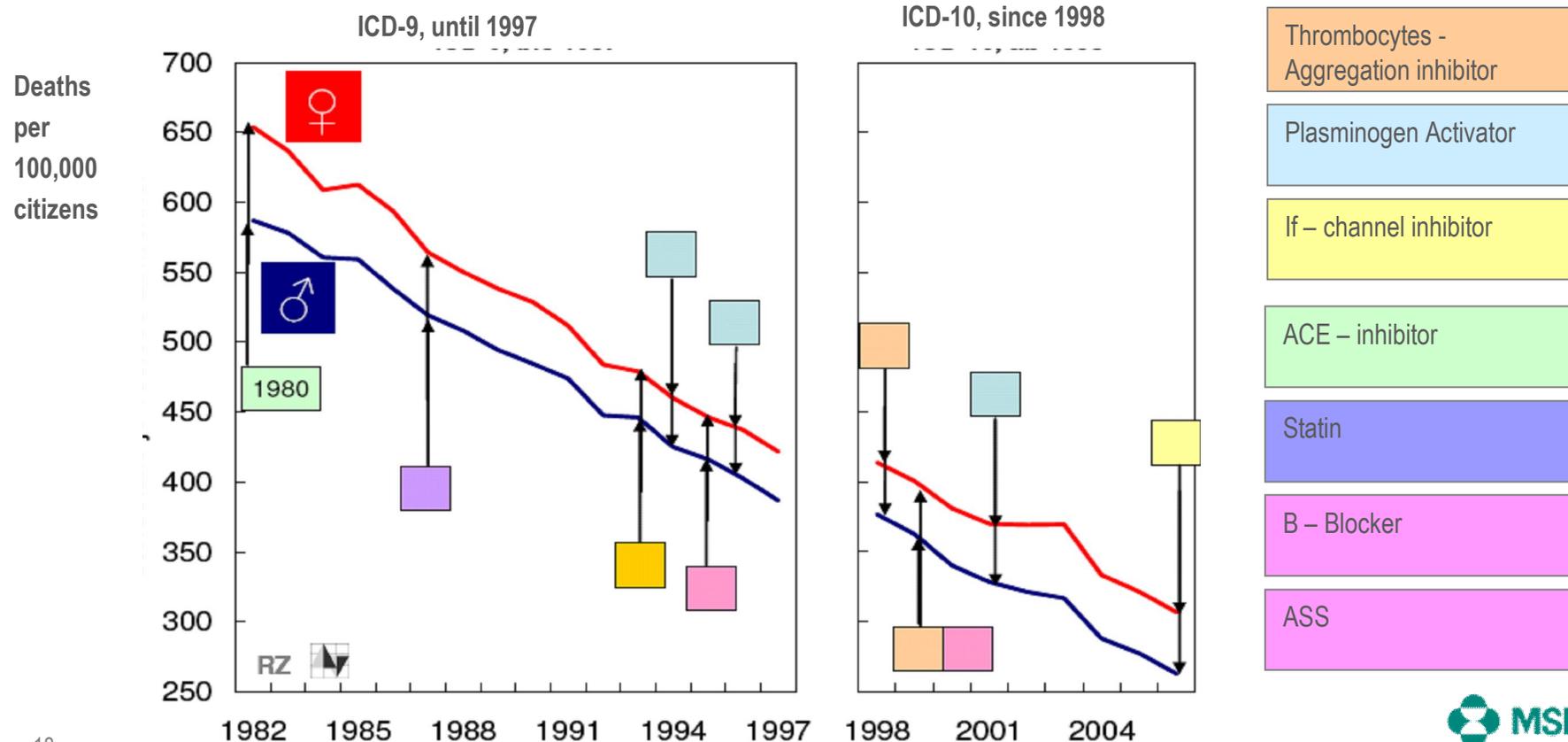


MSD
Be well

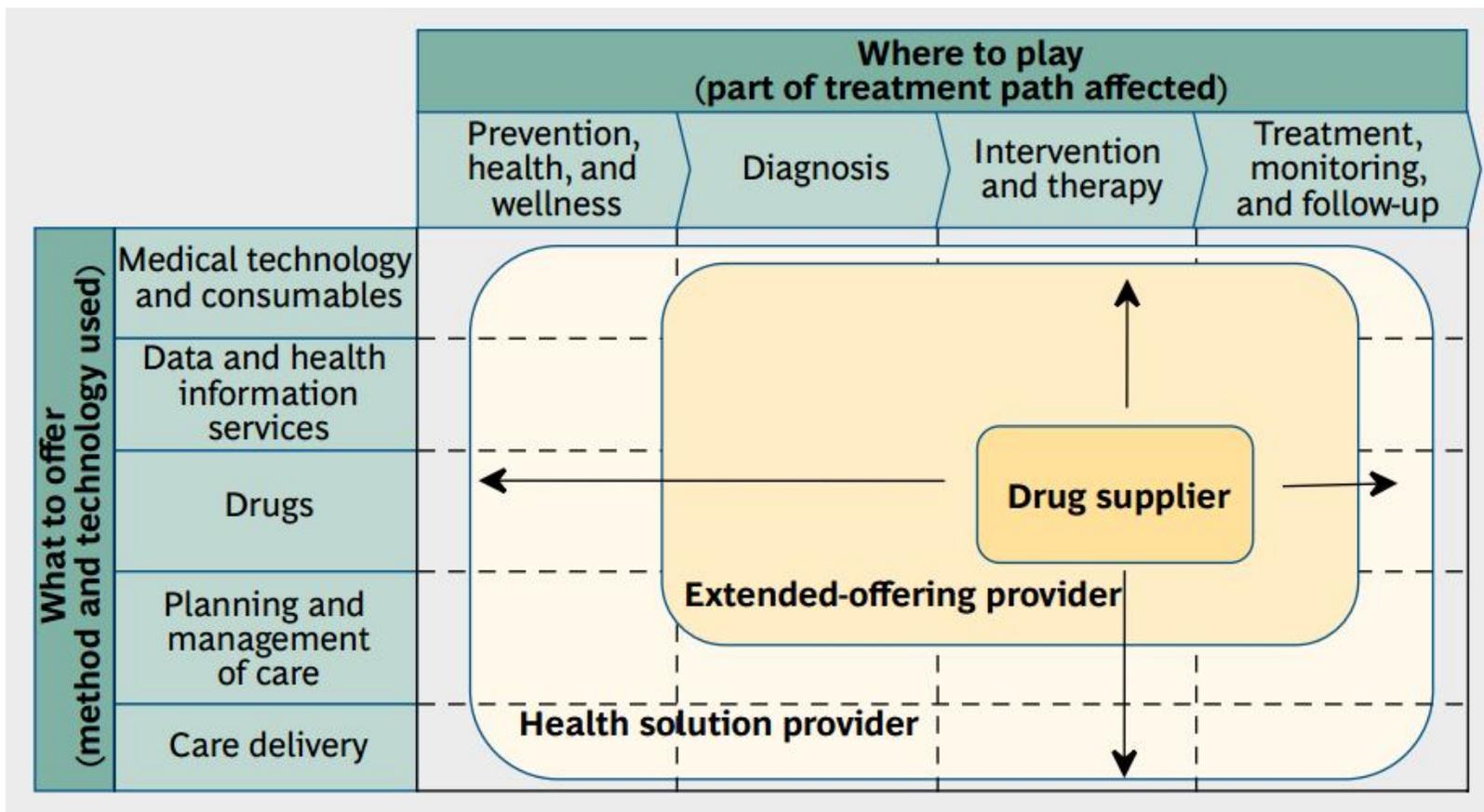
Pharmaceutical Innovation Saves Lives

For the 30 countries in our sample, between 2000 and 2009 population-weighted mean life expectancy at birth increased by 1.74 years. The estimates imply that **the increase in life expectancy at birth due to the increase in the fraction of drugs consumed that were launched after 1990 was 1.27 years--73% of the actual increase in life expectancy at birth.**

Cardiovascular Diseases (ICD-9: 390-459, ICD-10: 100-199)

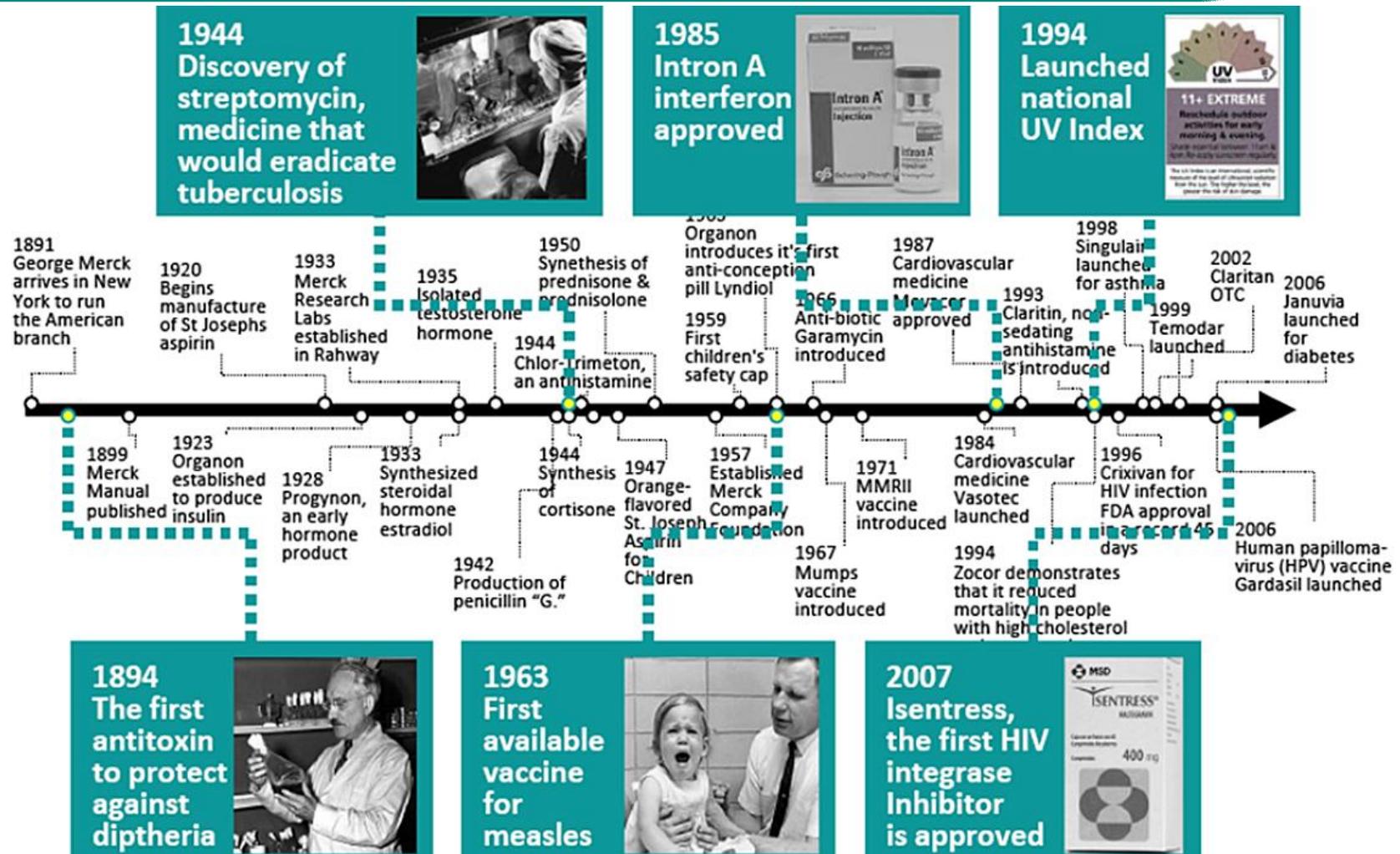


Principle 6: Engage with new partners to provide value across health systems



SOURCE: *What Value-Based Health Care Means for Pharma*, BCG (2012)

A History of MSD



Need to check for updated version <http://www.merck.com/about/our-history/home.html>



Thank You!