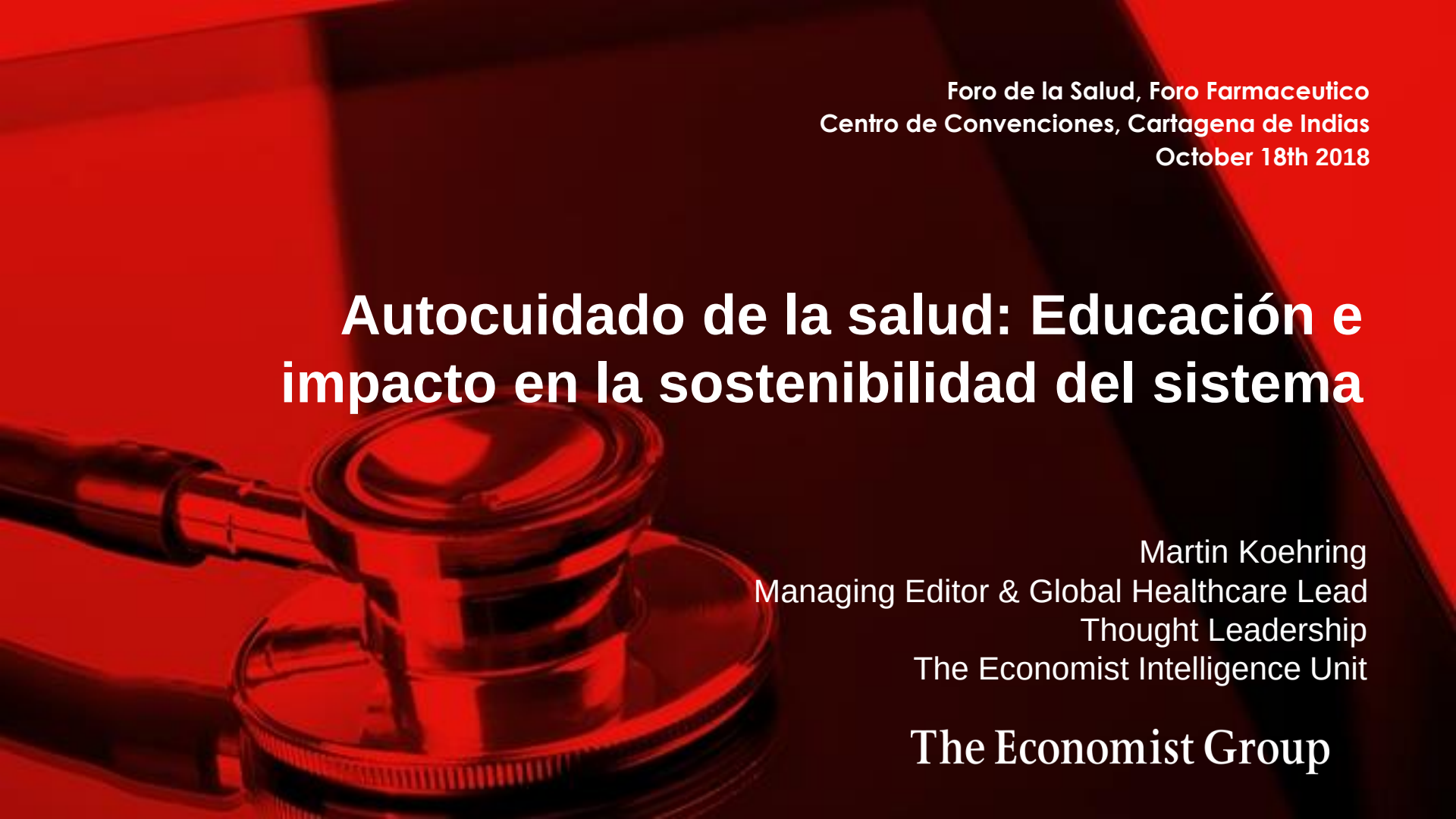

Foro de la Salud, Foro Farmaceutico
Centro de Convenciones, Cartagena de Indias
October 18th 2018

Autocuidado de la salud: Educación e impacto en la sostenibilidad del sistema

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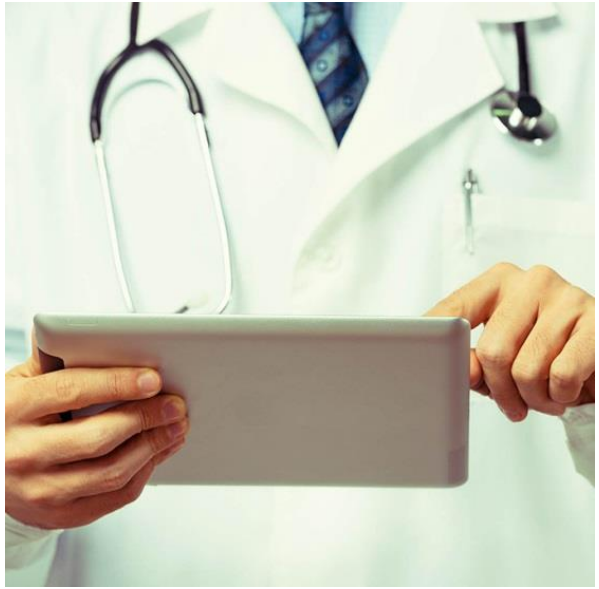
The Economist Group

Agenda

- About the study
- Context: demography, costs and the drive for value
- A growing role for self-care: implications for economy, society and regulation
- Conclusions



About the study

Consumer health: time for a regulatory re-think?

The Economist Intelligence Unit

Written independently by The Economist Intelligence Unit

Extensive secondary research

In-depth interviews with 15 international experts

PAGB · MHRA · Bill & Melinda Gates Foundation · AESGP · Ministry of Health Malaysia · European Patients Forum · Pan American Health Organization · APSMI · imshealth · A.T. Kearney · Universität Zürich · IADSA · CHPA Consumer Healthcare Products Association · Thai FDA

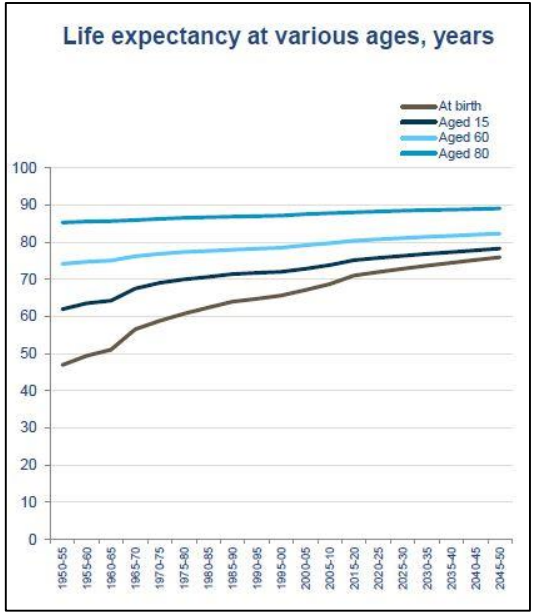
Executive summary of the study

- Over-the-counter (OTC) medicines are an important part of embracing the concept of self-care.
- Demographic changes in the coming decades will force global health systems to focus on cost-effectiveness and value.
- Throughout the world, we observe governments seeking potential savings for their health systems, enabling them to focus on treating more serious illnesses.
- The use of OTCs is consistent with government policies to increase the role of the population in caring for their own health.
- OTC medicines face regulation in a variety of areas, but there is little understanding of the costs and benefits.
- The harmonisation of regulatory efforts only touches on OTCs and is partially relevant instead of focusing directly on these drugs.
- Effective harmonisation requires a holistic approach, a similar level of regulatory capacity and an understanding of the role of healthcare professionals and patients.

Context: demography, costs and the drive for value

Demographic trends: Continued population growth & ageing

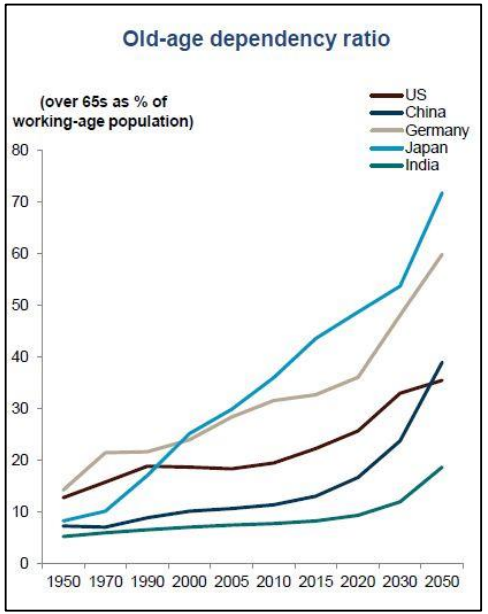
- Over past 35 years, **life expectancy has increased significantly** – 11 years for men &12 years for women (67.5 & 73.3, respectively).
- UN estimates: average life expectancy to increase from the current 71 years to 77 years in 2050.
- Infant deaths dropped by 60% between 1970 and 2010.
- Our projected scenarios point to a continuation of this trend until 2050: gradual but noticeable **improvements in human health**.
- Reduction of premature deaths should continue but will not lead to revolutionary increases in life expectancy.
- Global population has doubled over past 45 years to around 7.6bn.
- UN average projections for world population: **9.8bn in 2050** and 11bn+ by 2100.
- All these scenario points to **increased health spending**, and many experts fear that costs will become unaffordable.



Sources: UN, The Economist Intelligence Unit

Healthcare spending

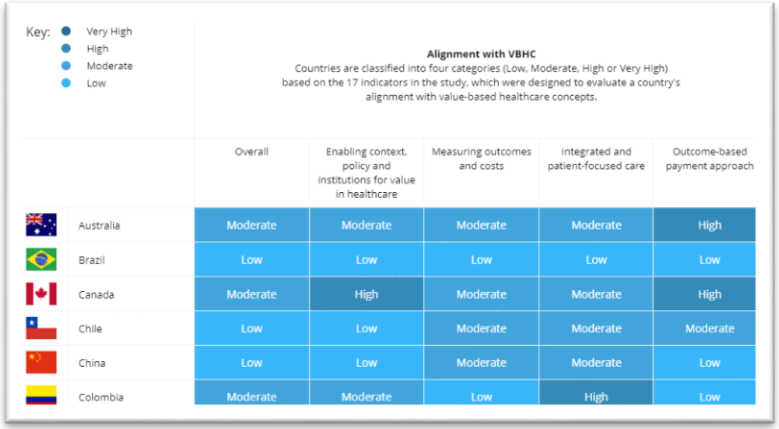
- Pre-2008 rise in healthcare spending seemed unstoppable (some forecasts predicted US reaching 50% of GDP by 2080).
- Global financial crisis: **cost-containment** becomes political priority.
- OECD predicts public spending on health will rise from average 6% of GDP in 2006-10 to 9.5% in 2060. (without containment: 14%).
- Japan: currently manages 9.5% budget, but old-age dependency ratio will rise from 40% to 70% by 2050.
- China: modest 5%, but dependency ratio rising to 39% from 13%.
- India: 4.8% of GDP (public & private) in 2017 (modest by global standards); plan to **raise public health spending** to 2.5% of GDP, from 1.2%, by 2025.
- Nigeria: spending up 20% a year nominal (pop growth of 2.6%).
- EIU forecast: global health **spending growth of 4.1% a year** in 2017-21, up from just 1.3% in 2012-16.
- By 2050: cost-containment pressure to become widespread & embedded. **Value-based healthcare** will be the norm & policy will continue to shift to prevention and rationing.
- But: healthcare is more than cost (productivity, innovation, investment etc)!



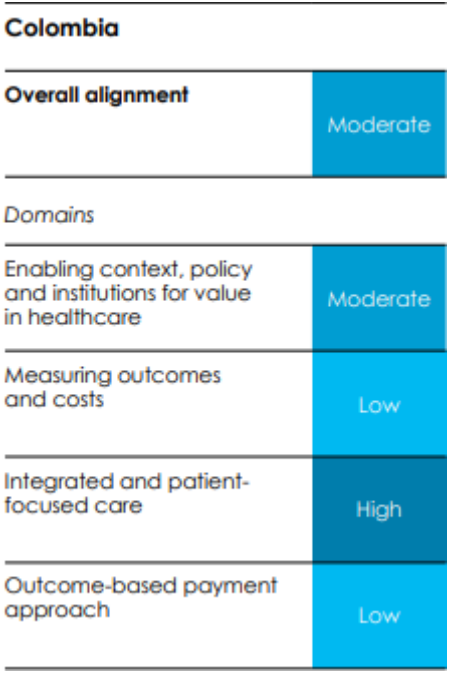
Sources: UN, The Economist Intelligence Unit

A new paradigm: value-based healthcare

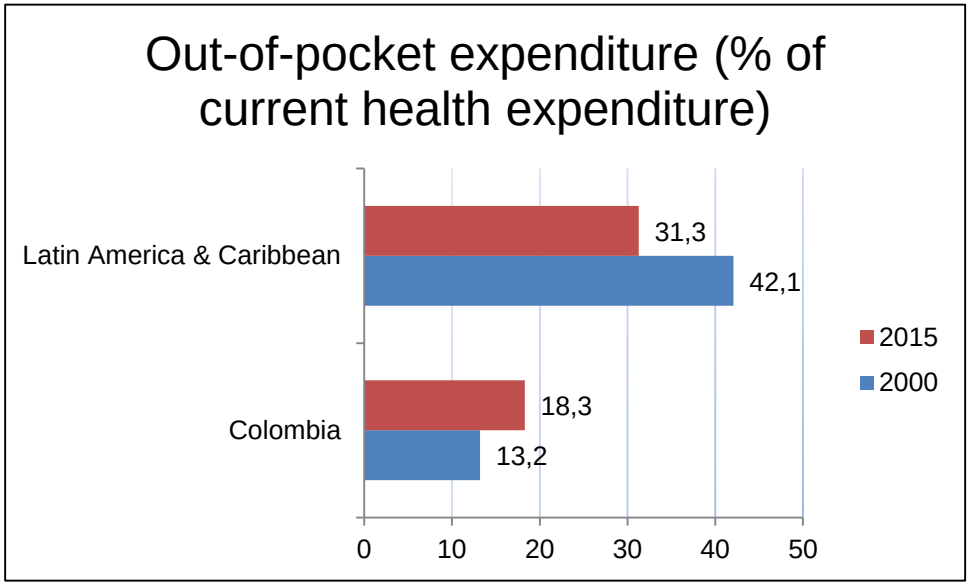
- Soaring costs, uneven access to care, **fragmented systems** siloed by medical specialty.
- Value-based healthcare: maximum **outcomes** at lowest possible costs.
- Payment systems: moving away from paying for volume (e.g. fee-for-service) to **paying for value**.
- Alignment with VBHC principles **varies** sharply across the globe.
- Adoption still at an **early stage**.



http://vbhcglobalassessment.eiu.com/



The Colombian context



Source: World Bank.

- **Population ageing**: from 74 to 80 years by 2050.
- **Population growth:** 55m by 2050, from 49m now; influx of refugees.
- Health recognised as a **fundamental right**.
- **Financial sustainability:** healthcare law of February 2017 widens access to treatment.
- **Healthcare expenditure rising:** 6.2% of GDP in 2015, up from 5.5% in 2000 (World Bank).
- **Need for value-based healthcare**: Institute of Health Technology Assessment (IETS; 2012); reforms to improve outcomes, patient centricity and quality (2016).
- **Greater role for self-care:** government wants higher share of out-of-pocket (OOP) expenditure.

A growing role for self-care: implications for economy, society and regulation

Self-care: Bringing healthcare costs under control & empowering patients

- Giving patients and healthcare consumers more **information**.
- Giving patients and healthcare consumers more **power**.
- Lowering the number of **medical tests** for patients.
- Increasing **competition** among healthcare providers.
- Prioritising **non-communicable** diseases.
- Switching medicines into the **over-the-counter** (OTC) category.

OTC medicines: Example from the UK (1)

Data compiled by IMS Health for the Proprietary Association of Great Britain (PAGB), the trade association representing manufacturers of branded OTC medicines, self-care medical devices and food supplements, show that minor ailments in General Practice cost the NHS around:

£2bn (US$3.1bn) in 2006–7 or...

2.7% of the total NHS budget of...

£75bn during that financial year.

Of this, the top 10 minor ailments (see Figure 1) were responsible for

of consultation costs

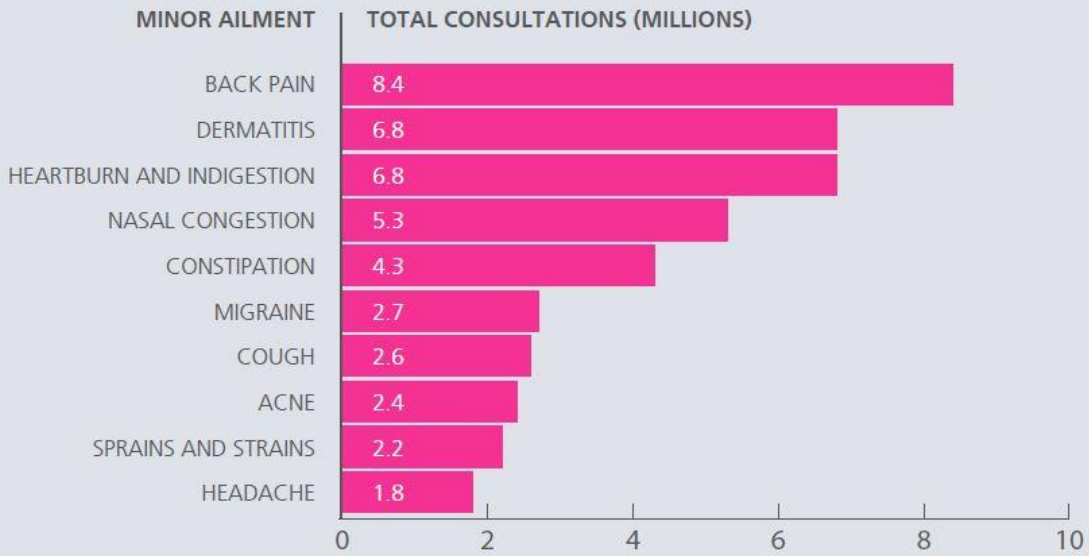
of prescription costs

amounting to **£1.6bn**, according to the study.[10] A more recent study by IMS Health for PAGB (March 2015) showed that similar conditions treated in hospital emergency departments cost the NHS **£290m annually**.[11]

PAGB

OTC medicines: Example from the UK (2)

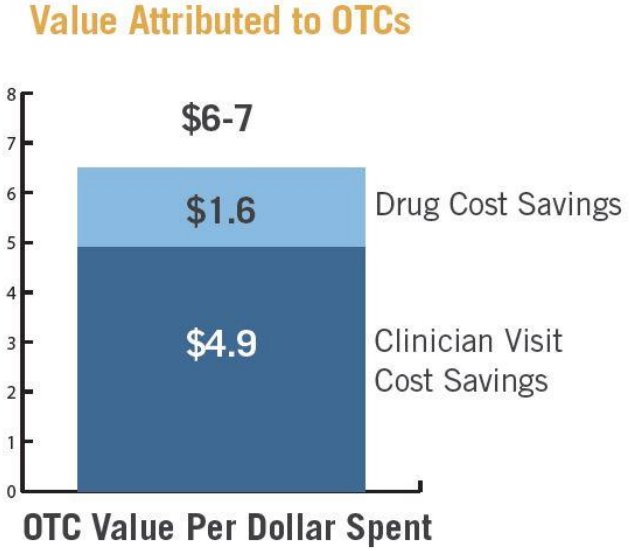
FIGURE 1: TOP 10 MINOR AILMENTS BY NUMBER OF CONSULTATIONS



About one in five consultations with general practitioners & hospital emergency departments in the UK could have been handled through self-care (IMS Health report).

OTC medicines: Example from the US

- Industry-sponsored study by consultancy Booz & Co (2012): every dollar spent in the US on OTC drugs led to **health-system savings of US$6-7 for health sector** (total: US$102bn);
- Potential for further **productivity savings** from avoiding unnecessary medical consultations: US$23bn;
- **60m more people had conditions treated** per year than would have in a hypothetical world where all drugs were prescription-only.



Source: Booz & Co

OTC medicines: Words of caution

Uneven distribution of savings

- Research*: cost savings of switching drugs to OTC availability tend to be unevenly distributed (data from UK, US & Sweden).
- Reduces prescription drug costs for payers/insurers/governments, but increases costs for most patients.
- Main motives for switch: pharmaceutical firms' desire to expand market, attempts to reduce pharmaceutical costs & self-care movement.

Risks & issues

- Many patients **will not/cannot adequately manage their own conditions**, with poorer health outcomes being the inevitable consequence (WHO World Medicines Situation Report 2011).
- Possible lack of data on benefits & risks in target population, inability of consumers to make appropriate self-selection decisions, lack of ability to pay for poorest families, lack of appropriate monitoring, inadequate regulatory control over advertising & marketing.
- Overuse of antibiotics leading to **antimicrobial resistance** (WHO report on South East Asia); OTC sales of antibiotics regulated in capital district of Bogotá since 2005.

Possible solutions

- Clear, effective and holistic **regulatory framework**.
- **New form of patient–professional partnership** (training, collaborative care & patient education).

* Source: Cohen, J., "Switching prescription drugs to over the counter", BMJ, 2005 Jan 1; 330(7481): 39–41.

OTC medicines: Why dedicated regulation?

- Need to ensure **data requirements** & **drug safety**.
- Ensuring **clarity for consumers, healthcare professionals and pharma companies**, eg classification of drug as OTC, the claims sellers may make, the sales channels through which the products can be sold, and whether a pharmacist needs to be involved in the transaction.
- Better clarity can pave the way for **innovation**.
- Ensure **consumer/patient access** to high-quality care.
- Regulatory framework for OTC review often based on prescription medicines. Need for assessment for marketing authorisation of OTCs with adequate **balance of risks & benefits**.

Conclusions

Conclusions

- Demographic trends point to **increased health spending** globally (including in Colombia).
- **Cost-containment** pressures will become widespread & embedded.
- **Value-based healthcare** will be the norm & policy will continue to shift to prevention and rationing.
- Studies from UK & US: switching from prescription-only to OTC can lead to **health-system & productivity savings**, but savings may be **unevenly distributed**.
- **Risks**: many patients will not/cannot adequately manage their own conditions, with poorer health outcomes being the inevitable consequence.
- Need for **new form of patient–professional partnership** (training, collaborative care & patient education) & clear, effective and holistic **regulatory framework**.
- **Good dedicated OTC regulation needed** to ensure data requirements; drug safety; clarity for consumers, healthcare professionals and pharma companies; innovation; consumer/patient access to high-quality care; balancing risks & benefits.

Thank You!

For more information:

Consumer health: time for a regulatory re-think?

http://www.eiuperspectives.economist.com/healthcare/consumer-health-time-regulatory-re-think

More thought leadership from The Economist Intelligence Unit:
http://www.eiuperspectives.economist.com/

More from Martin: @EconomistMartin

Appendix: Case studies

Case study China

- China Nonprescription Medicines Association lists OTC drugs, including analgesics, sedatives, antacids, digestives and antidiarrheals.
- 2013 study by law firm Covington & Burling: China's **rules on advertisement of OTC drugs are more permissive than rules for prescription-only**. For example, OTC drug advertisements are permitted on any kind of media including the internet, although pre-approval is required. By contrast, advertisements of prescription drugs are limited to state-approved medical and pharmaceutical professional publications.
- 2014 study: Chinese OTC medicines contributed **21–50% among all the pharmaceutical sales by community pharmacies** in China.
- 2018 study: regulations on OTC drug instructions should be strengthened to **reduce health risks related to self-medication**. Targeted health education on risks of self-medication should be considered.

Sources: Shuai Ge et al, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4169131/;
Lei et al https://www.ncbi.nlm.nih.gov/pubmed/29300318;
https://www.cov.com/~/media/files/corporate/publications/2013/05/regulation_of_drug_promotion.pdf

Case studies Vietnam and Korea

Vietnam

- **Supermarkets** allowed to sell OTC products from beginning of 2017. In 2017, some hypermarkets in big cities started selling consumer-health products.
- Unauthorised **parallel imports** (mostly from developed countries) becoming more popular amongst consumers (wider choice, reliability & convenience).

South Korea

- Strict regulation: **pharmacies the leading distribution channel** for OTC products within store-based retailing. Pending regulation on convenience stores as channel.
- November 2012: OTC sales **outside pharmacy** allowed for certain products (eg cold and digestive medicines).
- **Mixed results**: expansion of channels reduced number of monthly outpatient visits for dyspepsia and migraine, but not for acute upper respiratory infections.

Sources: Euromonitor; Sung-Youn Chun et al, https://bmchealthservres.biomedcentral.com/articles/10.1186/s12913-017-2434-6