

# ADDING VALUE IN A CHANGING WORLD

To prosper in the 'new' health service environment, pharma must provide value in a customised way by first asking its stakeholders what 'value' means to them

**The new and emerging health service is very much focused on improving health outcomes. As a consequence, for pharmaceutical companies, it is no longer a case of simply selling drugs and devices. They need to prove the value of their offerings if they are to survive in the modern world. It is also a question of balancing innovation with patient reach. While we've seen the age of the blockbuster come and go, and now the niche buster, the future may well be smaller margins gained in larger patient markets. Yet whatever the product, the strategy must be to put patients at the centre of pharma's activities.**

The UK government has decreed that pharmaceutical companies should get involved with the new Clinical Commissioning Groups (CCGs) to ensure that National Institute for Health and Clinical Excellence (NICE)-recommended products are available to all patients. The European Union also wants pharma to provide high-quality patient information so that people can make informed decisions about their treatment choices.

Together, these rulings are taking pharma companies into relatively uncharted territory. While it is not legal to talk directly to patients about prescription-only products, there is an opportunity to work with the health service to improve health outcomes.

This equates to a fundamental shift in that rather than selling a health product, pharma companies should be selling a health outcome and facilitating improvement in the patient experience.

## The cost of non-compliance

Yet while it is the aim for all concerned to help patients to feel well, manage their condition and stay out of hospital for as long

as possible, for many patients with chronic conditions, this could be achieved simply by improving their compliance and taking their medication properly. Indeed, NICE estimates that around £4bn worth of prescribed drugs are used incorrectly each year, reducing potential sales per drug by a third.

Therefore, helping people to manage their conditions appropriately and effectively is crucial if health services are to be sustainable. In England, people with long-term conditions represent 30 per cent of the population but yet they account for 70 per cent of total NHS spending, according to the UK Department of Health.

Quite simply, if the pharma industry can work effectively with health services to improve drug compliance, then everyone's a winner. The health service becomes less burdened by unnecessary referrals and illness; the industry sees more of its products used appropriately and fulfilling their potential; and most importantly, patient health improves and hospital admissions and procedures are reduced.

For pharma the opportunity exists to work with local communities to identify what the priorities are, to support disease-specific initiatives and to change behaviour. What's more, this opportunity is immediate.

## Act now

While the old budget-holders in the UK – Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) – are not officially abolished until April of next year, their successors can start their official duties in October. This means that the coming months are to be a period of planning and

transition, and a great opportunity for pharma to become an integral part of the delivery of future health services.

This is especially important considering the downward pressure on prescribing. GP prescribing costs fell in 2011, as efforts to drive down drug costs began to take hold. While there was a 0.33 per cent reduction in spending on medicines last year, the number of prescriptions against which medicines were dispensed rose by 3.8 per cent. This meant that the average cost of each prescription (the mean net ingredient cost) fell from £9.53 to £9.16 (*Prescriptions Dispensed in the Community: England, Statistics for 2001 to 2011*, July 31, 2012).

At the same time the government insists that NICE-recommended drugs be removed from local blacklists. Last year it was revealed that one in four PCTs were blacklisting drugs recommended by NICE because they were deemed too expensive or not effective enough. Now PCT clusters and CCGs must publish clear online documents setting out which NICE technology appraisals are included in local formularies.

In a recent letter to them, NHS Chief Executive, Sir David Nicholson stated: 'Formularies have an important role in underpinning safe and effective use of medicines. However, they should not duplicate NICE assessments or challenge an appraisal recommendation. Once on formularies, there should be no further barriers to the use or prescription of technologies or medicines.'

In addition, CCGs will be assessed and rewarded on 44 indicators in a commissioning outcomes framework across a range of therapy areas. Among the key indicators are: mortality rates in people aged under 75 years, emergency admissions, emergency re-admissions within 30 days of hospital discharge, and health-related quality of life for people with long-term conditions. With such a clear list of aspects of care deemed essential in facilitating best health outcomes, pharma companies can now see how their prescribing customers will be judged and will be able to work out how they can help them achieve their targets in specific clinical areas.

For example, in COPD there are an estimated two million people (*An Outcomes Strategy for COPD and Asthma: NHS Companion Document, May 11 29012 Gateway reference: 17337*) with the condition in the UK who are undiagnosed. In a companion document to its outcomes strategy for COPD and asthma, the DH asserts that the NHS should identify people whose treatment history and symptoms suggest that COPD may have been missed. Targeted case-finding can be done through auditing GP registers to identify people whose treatment history and symptoms suggest a diagnosis that COPD may have been missed or that COPD has been incorrectly diagnosed.

NICE recommendations for COPD suggest that diagnosis should be considered in people over 35 who have a

risk factor (generally smoking) and who present with exertional breathlessness, chronic cough, regular sputum production, frequent winter 'bronchitis' or wheeze.

This demonstrates an example of where pharma companies can work with local health services in this specialty, perhaps supporting COPD clinics with practice nurses and specialists assessing at-risk patients and making any necessary treatment recommendations. The outcome of such activity could indeed be a win-win situation for everyone involved.

Whatever the clinical area, the important thing for pharma companies is to think about its stakeholders' interests first – primarily the patient, but also healthcare professionals and payers. Initiatives may range from doctor-patient interactions – for example, improving appointment systems or helping patients to engage with healthcare professionals appropriately – through to online monitoring for patients with specific illnesses.

## Managing the transition

Moving from a product-centric culture to a customer and service-centred company is not easy, but pharma can, and must, change in parallel with the health service. However, if pharma companies re-structure to mirror the image of the new health service (which many have) they are in danger of becoming overly complex organisations, which can be difficult, if not impossible, to manage effectively.

The key to successful reorganisation is to keep structures simple and focus on the value which pharma can bring to the community. For the healthcare professional, enhanced-value solutions can be of enormous benefit. These could include additional services, promotional and marketing communications, patient and clinical helplines, product support, access to Key Opinion Leaders, staff training, services that improve the patient experience, to name but a few. However to provide this value in a customised way, companies need to find out from stakeholders what 'value' means to them, collate that information effectively and actually deliver what is required.



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