Interview with Jan Warmerdam, Director Healthcare Relations, IMS Health Netherlands

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IS Health sets itself apart because of its lobal reach, while mastering local expertise. Clearly, every market is one of a kind. What is so particular about the Dutch market?

There are quite a few particularities. When we discuss the value of the pharmaceutical market in the Netherlands for example, we talk about roughly EUR 5bn. Compared to Belgium for example, this is quite a low value market. Overall, per capita expenditure on pharmaceuticals is low in the Netherlands.

At the same time, the Netherlands is a market where we see price levels of pharmaceuticals declining by an average 1,5 to 2 percent per year. The reason why this is happening is strongly related to the loss of exclusivity of many blockbuster drugs, the so-called patent cliff. Between 2010 and 2014, nearly EUR 1bn of this EUR 5bn market –EUR 920m to be exact– will come off patent. IMS believe that we will see a lowering in market value in the coming years, which is quite particular compared to other markets. The off patent related savings do more than off set the investments needed to fund expected product launches

From the government, or payer, perspective, the Netherlands is an interesting case study to see what has been done especially in terms of generics, the tendering with insurance companies and price controls. For generic players, it really is a very tough win-lose situation because of the so-called preference policy. It is not only a logistical nightmare; it is also a very complex situation from a profitability point of view.

As a research-based company, it is also very difficult to decide when to stop promotional efforts in this market. These players always need to ask themselves the question when their ROI model is giving them the signal to stop such investments. From a local perspective, it has been quite a struggle for local offices of research-based companies to convince headquarters of this high speed substitution process with generics. Off patent strategy is only available for 3 months, not 3 years.

Your counterpart in Germany, local IMS Health MD Elisabeth Beck, pointed out that no matter how well established MNCs are in a particular market, they will still shift their resources to other areas if the perceived growth potential is higher elsewhere. The current Dutch climate, is it one of threat or opportunity?

It depends on your perspective. From a generics perspective, it is rather a climate of opportunity. In terms of volume, many new companies from India and China are bidding in the tenders now and the near future. The Netherlands is still a market with 17 million people, which for large unit volume products represents quite some interesing opportunities.

Having said that, the potential savings to be made with the loss of exclusivity implies there is budget available to finance innovation from a payers perspective. While it is also true that the Netherlands is not the easiest market in terms of access, it is not the worst either. Many companies complain about the rate of reimbursement or market access, for example, but it is neither fast nor slow compared to other European markets.

In the UK for example we hear the same complaints. What do you think a successful launch strategy in the Netherlands should have?

Nowadays, companies should be aware that the old game is over. There are many more stakeholders today than in the past. It has thus become even more important to ensure a clear message is provided on why the doctor should prescribe a particular medicine, and why other stakeholders should endorse the prescription as well. Lab values, risk profile, price comparisons with cheaper alternatives and so on. The arguments and evidence from many angles need to be there. These arguments need to convince, not only the authorities, but also the doctors, doctor groups, formulary committees, payers etc.

Nowadays, GP doctors are also becoming increasingly organized. While in the past GP doctors used to work alone or together in groups of two or three, the Netherlands now sees more formalized ‘care groups’. As a company, you will not be visiting individual doctors, but rather communicating with a group of doctors. The game has thus become much more multi-facetted with multiple stakeholders than a couple of years ago.

As a consequence, companies thus have to adapt their local strategy. What can IMS Health do to help?

IMS Health is a global company which helps from 3 different angles. First of all, as IMS health's' clients are becoming increasing global, they need a global partner. Secondly, the global structure allows to generate efficiencies and consequently reduce IMS Health's overall cost base. And thirdly, a global organization brings expertise from local markets worldwide. IMS Health brings this information and experience to its customers. This brings facts to the table when IMS Health sits together with its clients, and allows our staff to compare scenarios and define local strategies.

IMS Health for example did research on 13 recenlty launched products in the Netherlands, showing a very slow uptake in comparison with a couple of other Western Europe countries. At IMS Health, we can dig deeper and provide a better explanation for this phenomenon. Because of IMS' global nature, the company has the availability to benchmark such situations with other markets.

While IMS Health does work for the pharmaceutical industry, it is very proud of its independence. We do not produce market insights based on specifications of our customers. Through the audits we produce, we present our own independent view on the market.

You said you are also in touch with the Ministries. How important is it for you to maintain strong ties with the local government?

It is an aspect that has gradually become more important. This is of course the case for many countries, but it is in particular important in the Netherlands, due to this increase in the number of stakeholders our clients are now dealing with. In order to fully help and support them, it is IMS Health's obligation to understand the other stakeholders too. A final element from an IMS Health perspective is the company's investment in data-assets to get access to more patient-data. In the end, it is not only about clinical trial data, but also about the way the product is used in the patient population.

Especially for a range of specialty medicines, reimbursement is only valid for a limited period. Companies need to showcase that the results are in line with the expectations. While these companies thus receive the permission to market their specialty pharmaceuticals, this permission needs to be renewed every three or four years. Such companies have an obvious urgent need to present the evidence that their molecule is doing what it is supposed to do, within the right context and for the right patients. It is important to be able to prove the value that was promised to the payers. This also represents a clear opportunity for IMS Health.

The Netherlands is already quite a data-rich country. Even better than in the UK for example, we are able to track down small groups of patients in terms of longitudinal prescriptions, co-medications, etc. IMS Health can help the industry to show how care groups are performing, how many patients they treat, whether they treat according to the agreed formularies, and so on.

Apart from an overall increase in the number of stakeholders, what is the role of the insurance providers in the Netherlands? Are we seeing a different ballgame than before? Who is pulling the strings?

There is a battle going on, without any clear winners. Nowadays, the insurance providers find themselves in a more important role than a couple of years before. They are supposed to be the contracting voice of their clients and also needs to make sure that society does not pay too much for those “expensive pharmaceuticals”. By doctors however, they are being seen as bureaucrats that send out forms and do not understand medical needs. From the doctor’s and hospital’s perspective, there is a lot more tension going on.

The debate on whether healthcare insurers should also be responsible for quality is underway. While the insurance providers can be considered as only an instrument for cost containment, the Ministry of Health also sees their responsibility for what is happening.

Such tension in itself is not a problem though, in particular since demand for care is infinite. It is however important to take into consideration that the individual always wants the best at all times. The model out there is one that requires a middleman to represent the individuals, while ensuring procurement power that can question the quality of care that is being delivered.

It is a game that creates a natural tension between those providing the care and those paying the bills. What government is trying to do is to pull all strings. In this game the Ministry is expected to define aspirations, set the standards and give budget guidance while the healthcare insurers take care of the implementation. The Medicine Evaluation Board for example, being independent, has its own processes and responsibilities.. The Insurance Board, being independent as well , also needs to have sufficient resources to be able to process all reimbursement requests presented by industry to them. To summarize in a payer’s perspective, today the payer is definitely defining the game.

It is interesting to see that while the Netherlands is not in the top 5 European pharma markets, it is considered to be the biggest of the smaller markets. If the Dutch market is so unique to IMS Health, what does it contribute and what role does this market play within IMS Health worldwide?

There are two key elements. The Netherlands is a very interesting country from the international perspective in terms of the role of the healthcare insurance companies. There are not many countries that work with a similar model. Here, pharmaceuticals are also more seen as a cost, rather than products of an interesting R&D industry where many people are employed. We can bring this experience and point of view to the international IMS community.

In the Netherlands, because so much data is available, there are also many other companies trying to work with clients in the way IMS Health does. From a company perspective, there is thus more competition than in countries such as Belgium for example. The good thing is that such fierce competition forces you to be more innovative. IMS Netherlands is spending some effort on coming up with new offerings, reaching out to clients and understanding the way they see the world.

What do you see as some key opportunities in this sense, to expand your service offering and be innovative in this market?

Patient data. There are some initiatives running in terms of patient registries. In many ways, patient data today is being kept at the pharmacy, doctors, hospital and insurance levels. It really is the trick to be compliant with all privacy rules and creating a framework where as much data as possible can be made available, to create a better picture of the sector.

Patient data assets, especially those in specialty care where quite some money is being invested in one single patient, can provide the evidence for the high value decisions in this field. The manufacturer of the product can help doctors, insurance companies, authorities and reimbursement agencies in providing details on “where to use it” and “when to use it”. IMS Health invests in getting access to those types of data.

At the same time you mention the market, especially in the Netherlands, is very competitive. How do you differentiate yourself from other players in this market?

The real part where IMS Health can differentiate itself lies in its benchmarking capabilities, i.e. placing the Dutch perspective into a broader global one. When you go to a seminar with local healthcare insurance providers for example, you will find Dutch companies that only look at the national context. To prevent them from only looking at pharmaceuticals as a cost, it helps to bring the international perspective to the table.

IMS Health also differentiates itself based on its expertise. This means that IMS has the ability to bring in subject matter industry experts from other countries. From a financial perspective, this is quite a competitive aspect as well. IMS Health can use this knowledge for its activities in multiple countries.

IMS Health wants to be a trusted advisor. The aim is to grow in helping their clients with innovative products and services.

In that sense, the Netherlands is still interesting for you?

On a personal note, the market dynamics are particularly interesting. Other countries are clearly looking curiously at this market, while we also keep learning from operations elsewhere. At the same time, it is interesting to organize IMS Health Netherlands in such a way that it is able to stay

in the game and be a suitable partner for its clients.

What are you doing exactly internally, and what can we expect from IMS Netherlands in the next 3 to 5 years?

IMS Health Netherlands will be able to take over more and more processes that are now done internally at its clients. Many major companies are still restructuring internally and reducing analytical activities. That is where IMS aims to come in and provide support with its infrastructure and people. What these clients can expect from IMS Health is that it will help them to address the needs of the new commercial model. IMS Health aims to keep working with its clients to look for solutions together and advise them on how to proceed. IMS Health also wants to be known for investing in data assets, in particular the patient data on specialty and longitudinal prescriptions as mentioned before. Bringing evidence about our clients' treatments, that is where IMS Health will help.

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