Interview: Rodrigo Arcila Gomez – Executive Director, The Pharmaceutical Chamber National Business Association (ANDI), Colombia



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With over a decade as executive director of the Pharmaceutical Chamber of ANDI (The Colombian National Business Association), Rodrigo Arcila Gomez, shares his optimistic insights on the growth of the sector, the current status of pricing negotiations, his key achievements, and the need for a pharmaceutical landscape built on trust.

Mr. Arcila, from our last interview in 2013, you concluded with the sentiment that the priority for the Colombian pharmaceutical sector should be on proper allocation of resources and establishing good pricing policies. What have been the major changes in these contexts for the sector in the last four years?

2013 was an important year for the sector as it was a year of healthcare reforms and the introduction of the pricing reference system. At that time, the mechanism for price controls was based primarily on the strict list under the POS (Obligatory Health Plan) which was abolished in early 2017 – although it has yet to be fully implemented. In many ways, we are still under the 2013 regime, but we are in discussions in regard to finding new methodologies to replace the outdated systems. As the POS mandate the medicines in the country, there are over 800 molecules that need to be controlled today.

As the National Business Association of Colombia, we hold importance in governmental discussions that could ignite monumental changes in specific sectors – even though the final approval ultimately lies on the government. ANDI is the largest private association in Colombia, representing 45 percent of the country's GDP across 28 different sectors in the promotion of a free enterprise system for social and economic growth. Our main purpose as an organization is to liaise with the government in behalf of our members.

For the Pharmaceutical Chamber in particular, ANDI currently represents 60 companies, comprising both locals and multinationals. Thus, it is our key responsibility to find a common ground and reconcile the interests of both domestic and international companies in Colombia to protect the wellbeing of the sector as whole. The main concern of the industry today is assuring a stable and predictable environment. As the Director of the Pharmaceutical Chamber, the main message I'm conveying to the government is that they need to minimize changes in the regulations in order to produce a balanced and steady environment.

Though the abolition of the POS has yet to be fully implemented, it is still one of the major changes in the sector today. How will this redefine the pharmaceutical landscape as a whole?

Last year, the government also announced that they are intending to phase out the National Commission of Medicine Prices, which is a major change from Circular number three, an article from the 2013 regulation regarding price controls, which was one of the biggest contributions of ANDI. In line with the abolition of the POS system, the biggest challenge faced today is the uncertainty regarding the new methodologies to replace them. Our current stance on this issue is to encourage the Ministry to propel further discussions before any further actions are taken in order to provide a level of stability through the transitionary period.

There is also an intention today to dissolve the international pricing reference system, which was put in place in 2013 to mobilize discussions regarding how drug prices in Colombia compare in the international landscape. In providing comparisons with countries in different economic strata. It was a powerful tool in pricing negotiations as it provides concrete figures for comparison, but looking solely at absolute figures does not convey the socio-economic nuances that exist in different countries. Currently this topic is still under profound discussions and we are expecting the first draft of the new methodology to be produced in the upcoming months.

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How are current measures providing savings in the healthcare system in Colombia today?

There are two main areas of focus that strongly, though indirectly, influence the levels of savings in the system. Firstly, preserving the interests of investors in Colombia should be a top priority. In order to maintain positive investor sentiment, there are two main aspects that need to be achieved: very clear policies and the provision of necessary incentives to invite companies to come to Colombia and increase competition in the market. Secondly, a stable and predictable market is imperative. Constant changes to the regulation would be counterproductive to actually reaching a resolution to the pricing problem. We believe that the most important thing is to create a scenario of trust in the landscape today.

The ideal scenario would be for every new entrant in Colombia to have a thorough understanding of regulatory framework in the country. There should be a clear portfolio of prices, as well as technical guidelines that pertains to certain molecule structures. We want the market to evolve, but constant changes will only produce redundancy. I am a proponent of the idea that every player in the market needs to self-regulate in order to elevate the level of discussion and negotiation in the market. If everyone keeps to a solid set of rules, the level of trust in the market will increase.

Despite the issue of a lack of confidence in the market, there has been an influx of new market entrants in recent years from prominent pharmaceutical companies like Servier in 2014, Shire and Astellas in 2016, as well as Menarini in 2017. Why do you believe these companies are attracted to the Colombian market?

The regulatory market in Colombia is gradually becoming very clear, which is one of that main appeals for new companies in the market. An important indicator of a good regulation is the entrance of more competition. In truth, there is also a sentiment Colombians are far more critical of ourselves than the way we are viewed abroad. Macroeconomic indicators have been positive in the recent years, especially since the signing of the Peace Treaty.

In essence, the Colombian economy ranks first in Latin America for growth prospectives. This is an impressive feat as we were pessimistic about our growth only three years ago given the fact that the economy experienced a hard hit from the decrease of commodity prices. This year, we are expected to grow by between 2.2 to 2.5 percent and have a far more promising environment than the rest of Latin America. Globally, Colombia is now considered a “pharmerging country” given that our pharma sector is growing faster than those in traditional markets.

The positive economic landscape is also complemented by the country's social security standing at 98 percent coverage with a greater access to medicines compared to other countries in the region. However, the main challenge in this regard is the fact that Colombia only has one obligatory benefit plan for both subsidized and contributive systems since last year. Through the Statutory Health Law, it is our responsibility to defend the patients' rights to innovative medicine, as stated by Article 72 of the National Development Plan. This is a point of discussion that we have not only with the government, but also with other top associations such as ASINFAR and AFIDRO.

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Lastly, opportunities in the pharmaceutical market are also driven by the growing self-care market. Given that we live in a world where consumers are far more informed than ever, the OTC sector is a strong opportunity point. The Colombian government in looking at alternatives for prescription medicine that could be available as OTC drugs in line with providing greater access to medication in a universal healthcare system.

Alberto Bravo of ASINFAR mentioned that 95 percent of national drug production is from domestic companies, however they do not receive strong support from the government. In 2013, you also mentioned that production capacities only account for 2.5 percent of the country's GDP. What are some of the measures ANDI is taking to help support the manufacturing sector?

Statics from 2013 still ring true today as levels have remained the same. Though the manufacturing sector holds weight in volume, it remains at a very low value. Even though it has remained relatively stable, this sector is incredibly impressionable according to the performance of other industries, as well as fluctuation in the currency.

What the pharmaceutical industry is more concerned about is the value of internal consumption, which is derived from adding production and import values, subtracted by the level of exports. The growth of internal consumption is one of the key factors propelling the growth of the market from its 2015 value of $5 billion USD to the prospected value of $7.1 billion USD by 2020.

On a more personal note, having spearheaded the Pharmaceutical Chamber of ANDI for the last 11 years, what would you say is your key achievement in the role?

I am most proud of two main things in my role. Firstly, I am proud of the fact that I am part of an organization that builds a bridge between the industry and the government in many fields. The spirit of collaboration is essential to fostering a united industry. Secondly, I am proud of the ethical

code that we have built for the industry as it is built by Colombians in Colombia to be applied for companies in Colombia, independent of whether they have international or domestic origins.

In conjunction with these accomplishments, I am also proud of the Chamber's contribution to the environment. Since 2010, the Pharmaceutical Chamber has created a point blue corporation in charge of a recycling program for the proper disposal of medicines. It has been very successful that it had turned into an independent company for the last three years. This is a testament of the successful ventures that the organization has taken for the wellbeing of the sector as a whole.

Do you have a concluding message for our international readers?

I am optimistic about the future of the pharmaceutical industry in Colombia. The sector is currently anchored on a strong socio-economic environment that is continually becoming secure and predictable. The government is also becoming more open to the needs of the industry and we are moving forward as one, united voice for the constant improvement of the pharmaceutical sector of the country.

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