Interview: Sylvia Hofinger – Director General, Association of the Chemical Industry of Austria (FCIO)



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Sylvia Hofinger, director general of the Association of the chemical industry of Austria (FCIO), the representing voice of the Austrian chemical industry, discusses the drug pricing regulations that are affecting patients´ access to innovative medicines that in turn is harming the nation´s chances of potential investments in the pharmaceutical sector, as well as the opportunities for the budding biotech industry and the future goals of the FCIO.

As the director general, could you please introduce to our international readers the Association of the chemical Industry of Austria?

The Association of the chemical industry of Austria (FCIO) is responsible for the representation of the entire chemical industry within Austria and all the companies producing here; therefore, we do not have a mandate over the retail sector. The association consists of a diverse range of sectors from plastics and paint to pyrotechnics and explosives, and importantly, the pharmaceutical industry. These pharmaceutical members, such as Sandoz and Boehringer Ingelheim, are an important group within our operations.

What are your main responsibilities?

Our main role is to advocate the improvement of framework for companies in areas such as chemical, environment and energy legislation, labour costs and in relation to the pharmaceutical market; pricing. Pricing pressures placed upon the healthcare system is a commonality in most

developed, economically stable nations as there will forever be a concern around public spending and the allocation of resources. These resources have been tightened further after the 2008 financial crisis.

In Austria, we have a very complicated method of financing the healthcare system, with the funds coming from two different sources; the sickness funds, for outpatient care, and hospitals, financed through taxes. This process is very inefficient as both sides take a silo approach, only focusing on the figures on their side, rather than looking at how funds are collectively spent throughout the entire system. The number of hospital beds per the population in Austria is 60% greater than the average across the Organization for economic co-operation and development (OECD) countries. Consistent with this greater availability of hospital beds, the hospital discharge rate in Austria is the highest among all OECD countries, being 70% higher than the OECD average

Still, politically the easiest way to reduce costs is in the outpatient setting, part of it being the pharmaceutical industry, rather than the hospital setting, which is funded by governments of the nine Austrian regions. Pharmaceutical companies are the first to be blamed and after overspending in 2014 and 2015, a clawback payment of 125 million EUR (147 million USD) was agreed, in 2016, to stabilise the system.

In spite of this agreement, new measures were introduced to change the regulation of Austrian drug prices, ensuring they do not exceed the European average price; drastically lower than the costs associated with an affluent nation like Austria. This inhibits patients access to innovative medicines as companies are reconsidering the early launch of products into the Austrian market as it affects international reference pricing. We believe we must take a step back and look at the bigger picture, taking full account of what these regulations mean to the overall health for the Austrian population and the pharmaceutical industry.

How are you using your influence to work in conjunction with pharmaceutical companies to lobby in changing these regulations?

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First of all, our advocacy activities are directed towards the relevant key opinion leaders, trying to voice our vision that as a healthcare community we need to find a balanced approach, rather than being biased towards one side or the other. Furthermore, we are informing the public about the real facts, so they are able to understand the entire picture of what is happening and how pricing policies influence the security of supply of medicines.

The overall economic impact of the healthcare sector is extremely important in creating a stable and predictable environment for companies to operate in that promotes innovation and flexible market access. For example, if Sandoz is investing hundreds of millions of euros in their production plant in Tyrol and is manufacturing biosimilars, it would seem logical we would establish a healthcare ecosystem that promotes their products. It took us years of negotiations until we achieved some improvements and only in the new law, biosimilars have got slightly better conditions than generics when entering the Austrian reimbursement scheme. It is crucial to have favorable regulations that attract companies to produce and then distribute their products within Austria.

What is the relationship between imports and exports in Austria?

Austria does export more than it imports, and this relationship varies depending on the region. For example, in Tyrol the exports far outweigh the imports due to Sandoz´s huge production facilities. In Vienna, exports are expansive also, with companies such as Boehringer Ingelheim present, but equally there is a large amount of imports as many companies use Vienna as their distribution hub.

The Biotech sector is under the FCIO umbrella, and is a growing industry in the Austrian healthcare ecosystem. Is this an area Austria can take a real foothold in within the region?

The Austrian biotech ecosystem is abundant in small start-ups, and the numbers are continuously growing, mainly due the fact Austria is full of well-educated experts and has many larger established companies, such as Boehringer Ingelheim, Baxter, Baxalta, Pfizer, Shire. Furthermore, there are many active promotion schemes, such as the Austrian research promotion agency (FFG), the Austrian economic service company (AWS) and the Austrian science fund (FWF), which is responsible for funding university projects, an important link between academia and industry.

All in all, it is a network that has great potential to be prominent throughout Europe and capitalize on the world-class life science hub we have situated in Vienna. Also, another added benefit indicated through our figures, show investments into biotech is a great way of generating positive cash flow throughout the healthcare system.

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What do you see as the future for the Austrian healthcare sector?

The future trends will depend on demographic factors which will drastically change as the population ages and people become less healthy. Therapeutic areas such as Alzheimer’s disease,

cancer, cardiovascular disease and diabetes will become more prominent. We have noticed that the health of a nation has a direct correlation with the production capabilities and proliferation of the life science industry within a nation. Therefore, it is in Austria´s best interest, both commercially and health-wise, to promote innovative treatments

What are the future strategies of the FCIO moving forward?

We must continue our advocacy efforts towards establishing the best conditions possible for companies to work in Austria and create a streamlined system that rids itself of unneeded bureaucratic processes.

We also want to educate the broad Austrian public on the chemical industry as they have a very skeptical attitude towards new technologies and tend to be fearful of chemistry. Austrians formulate an opinion based on emotions, rather than the information they are given. We must change this mindset and are doing so by delivering evidence backed arguments in a modern manner, through strategic campaigns.

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