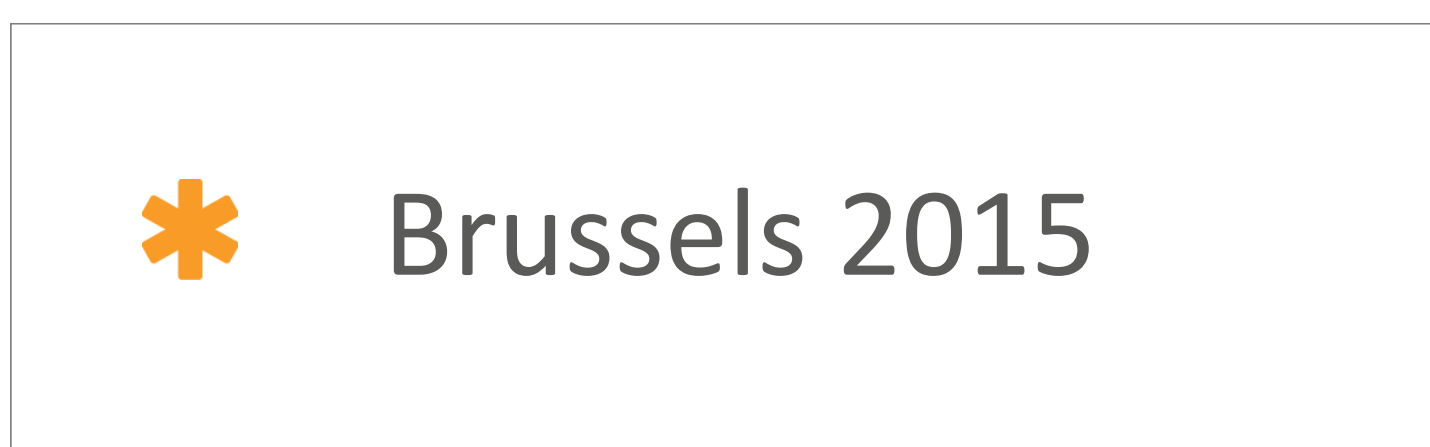
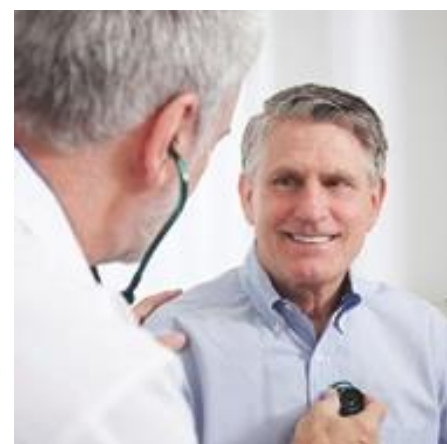




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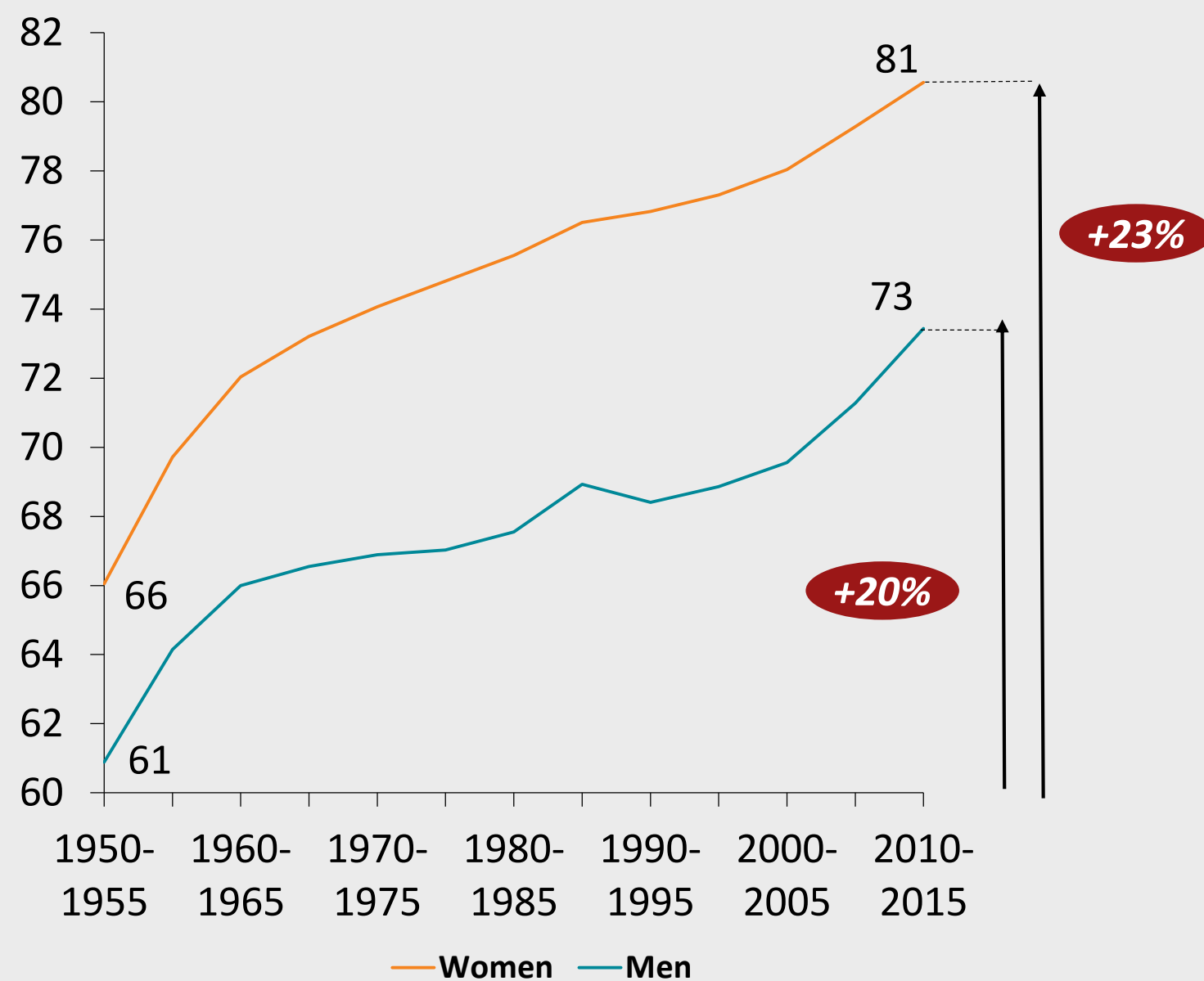
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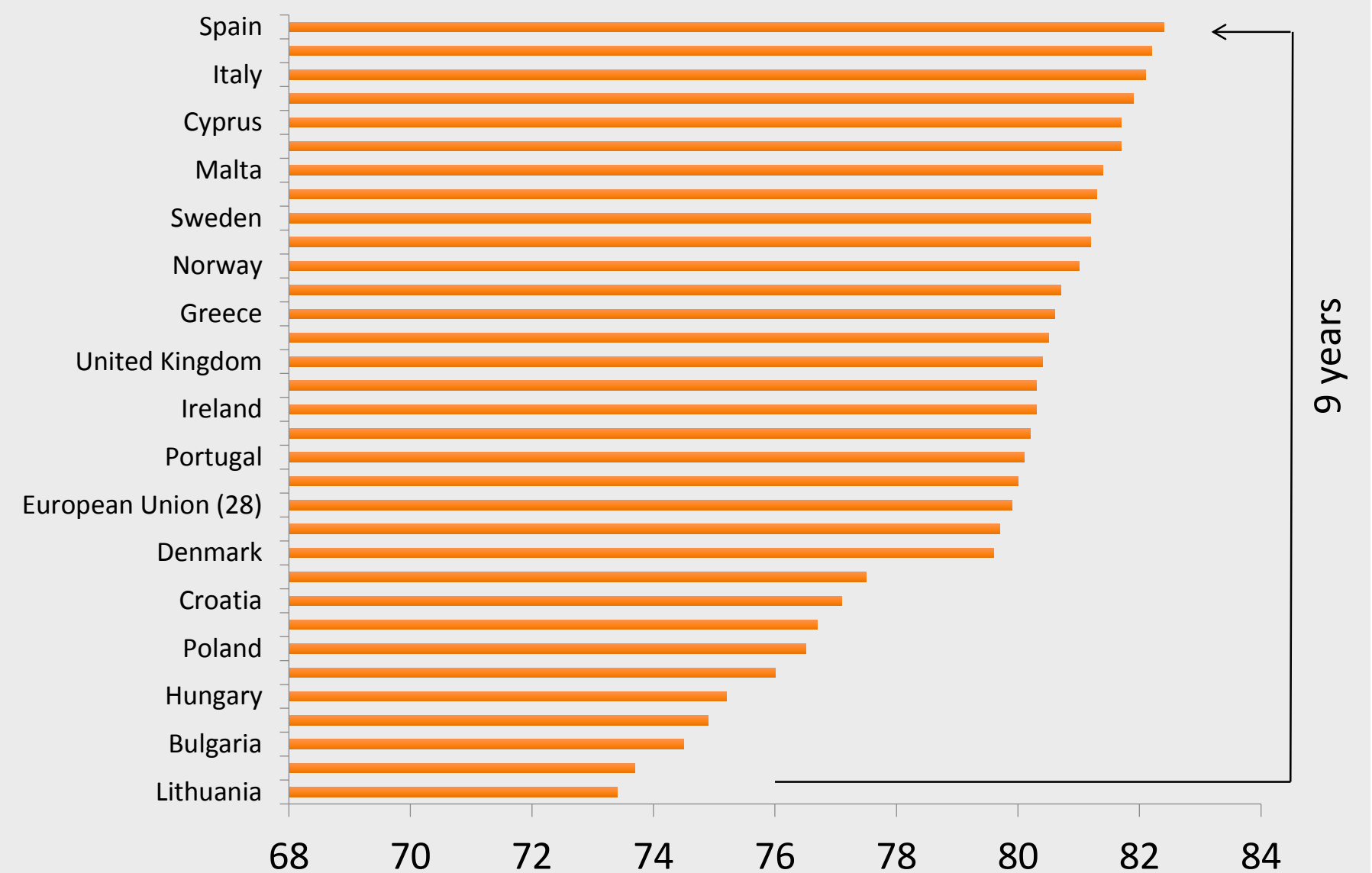


Although Europe has shown substantial improvements in life expectancy over the last 65 years, major disparities persist across countries

Life expectancy in Europe (years)*



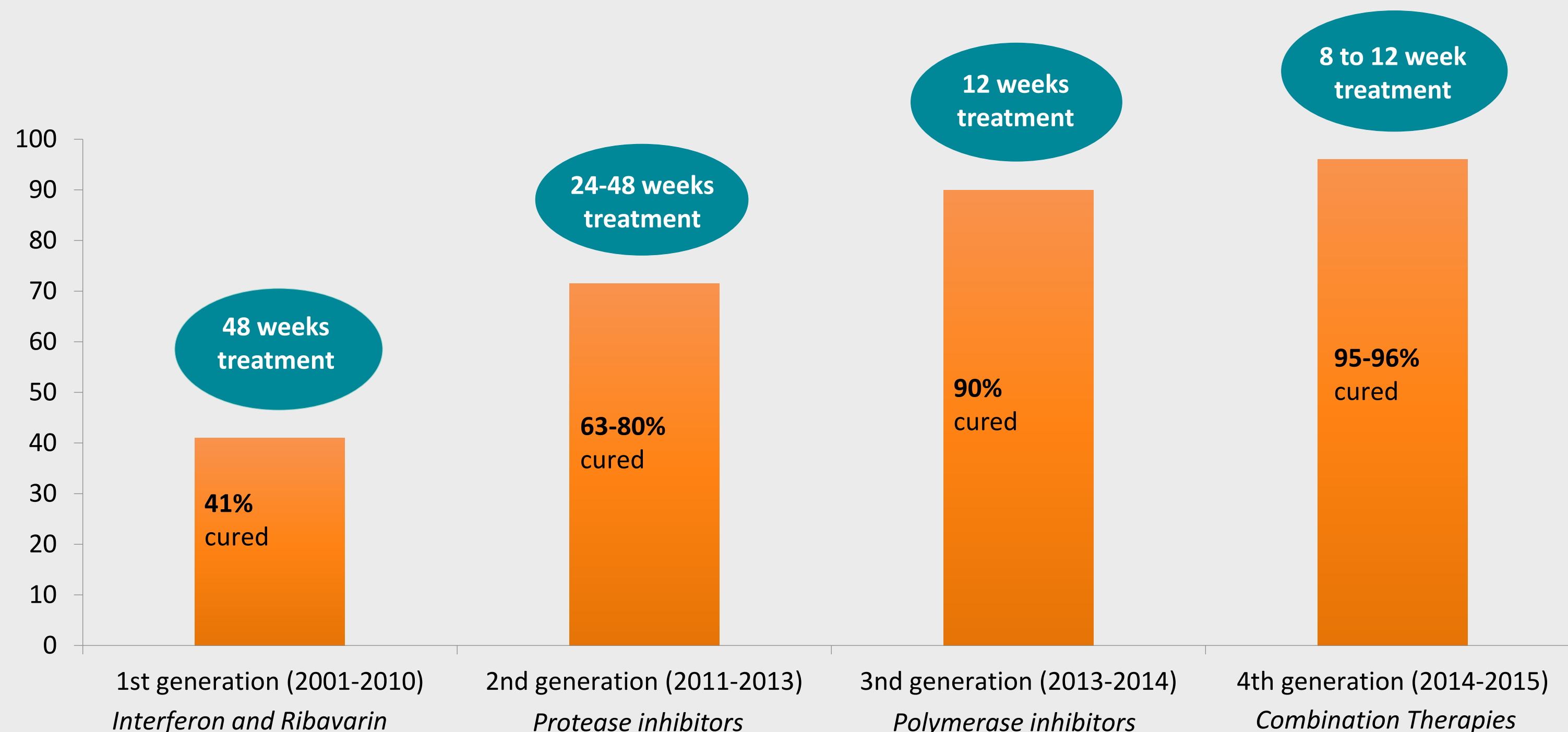
Life expectancy at birth in EU28 (2013)



*Projected life expectancy for Belarus, Bulgaria, Czech Republic, Hungary, Poland, Republic of Moldova, Romania, Russian Federation, Slovakia, Ukraine, Channel Islands, Denmark, Estonia, Finland, Iceland, Ireland, Latvia, Lithuania, Norway, Sweden, United Kingdom, Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Malta, Montenegro, Portugal, Serbia, Slovenia, Spain, TFYR Macedonia, Austria, Belgium, France, Germany Netherlands, Switzerland.
Source: United Nations: World Population Prospects – The 2015 Revision (2015) accessed via the United Nation database on life expectancy at birth (accessed in August 2015); Eurostat database (accessed in May 2015)

Experience from the US shows that the cure rates of Hepatitis C patients are rising due to the launch of innovative treatment

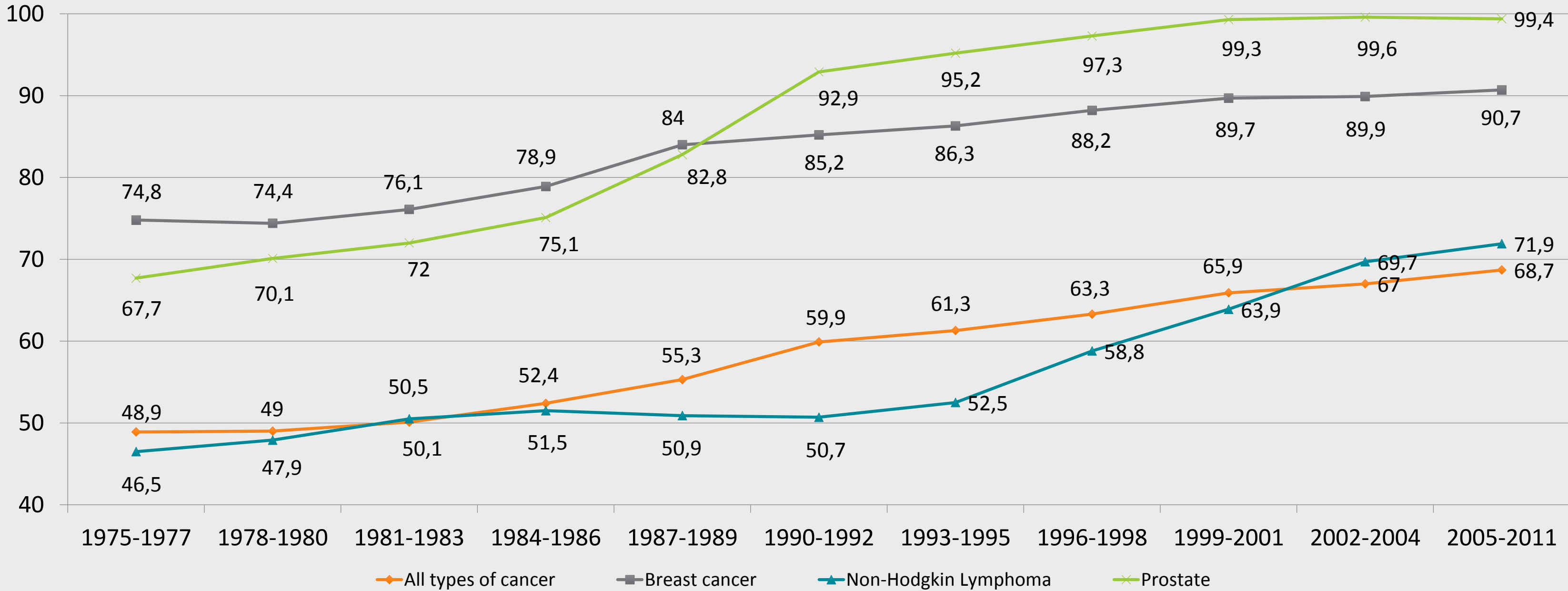
Cures rates and treatment period for hepatitis C patients



Note: Cure rates are based on the results of clinical trials reported by the Food and Drug Administration for the following drugs: interferon, telaprevir, boceprevir, simeprevir, sofosbuvir, sofosbuvir and ledipasvir combination, and ombitasvir, paritaprevir, ritonavir, and dasabuvir combination.
Sources: PhRMA (2014), 25 years of Progress against Hepatitis C and PhRMA (2015), 2015 profile.

Experience from the US shows that improvement in treatments and earlier detection have contributed to an increase in cancer survival rates

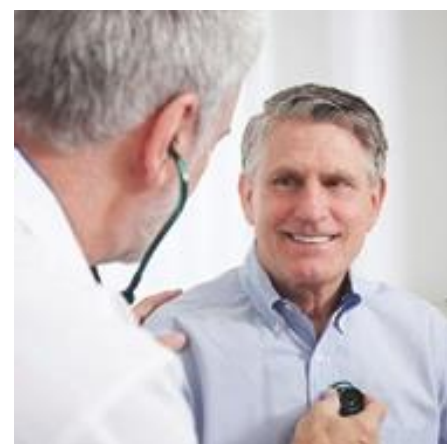
5 years cancer survival rates by year of diagnosis (%)



National Cancer Institute website. Available at http://seer.cancer.gov/csr/1975_2012/browse_csr.php (accessed in August 2015)

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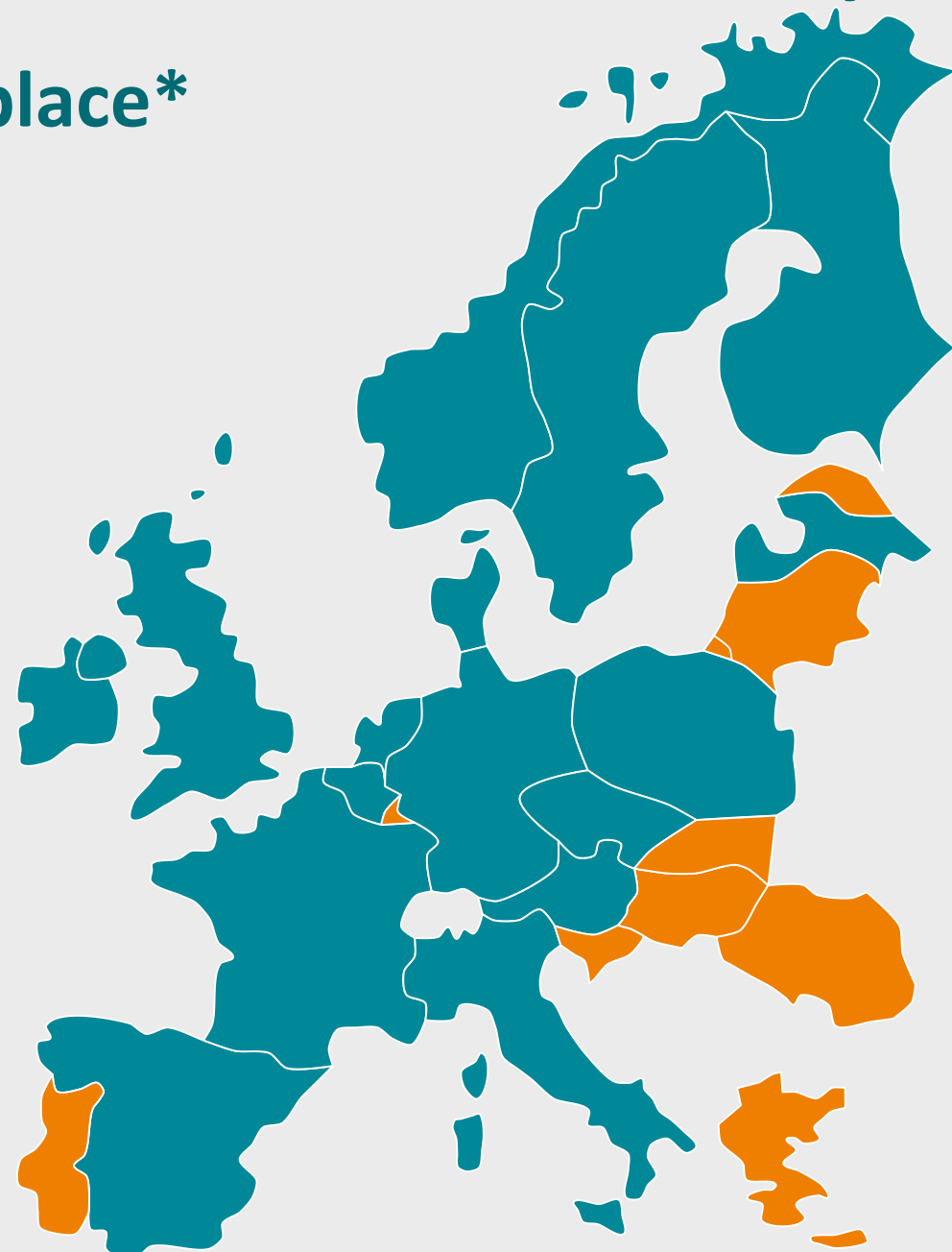


* Costs and budget



Throughout Europe medicines are only reimbursed if value can be comprehensively proven across multiple dimensions

Countries with formal HTA systems in place*



- Countries with formal HTA process for reimbursement in place
- Countries with no formal HTA process for reimbursement

Reimbursement criteria across countries†



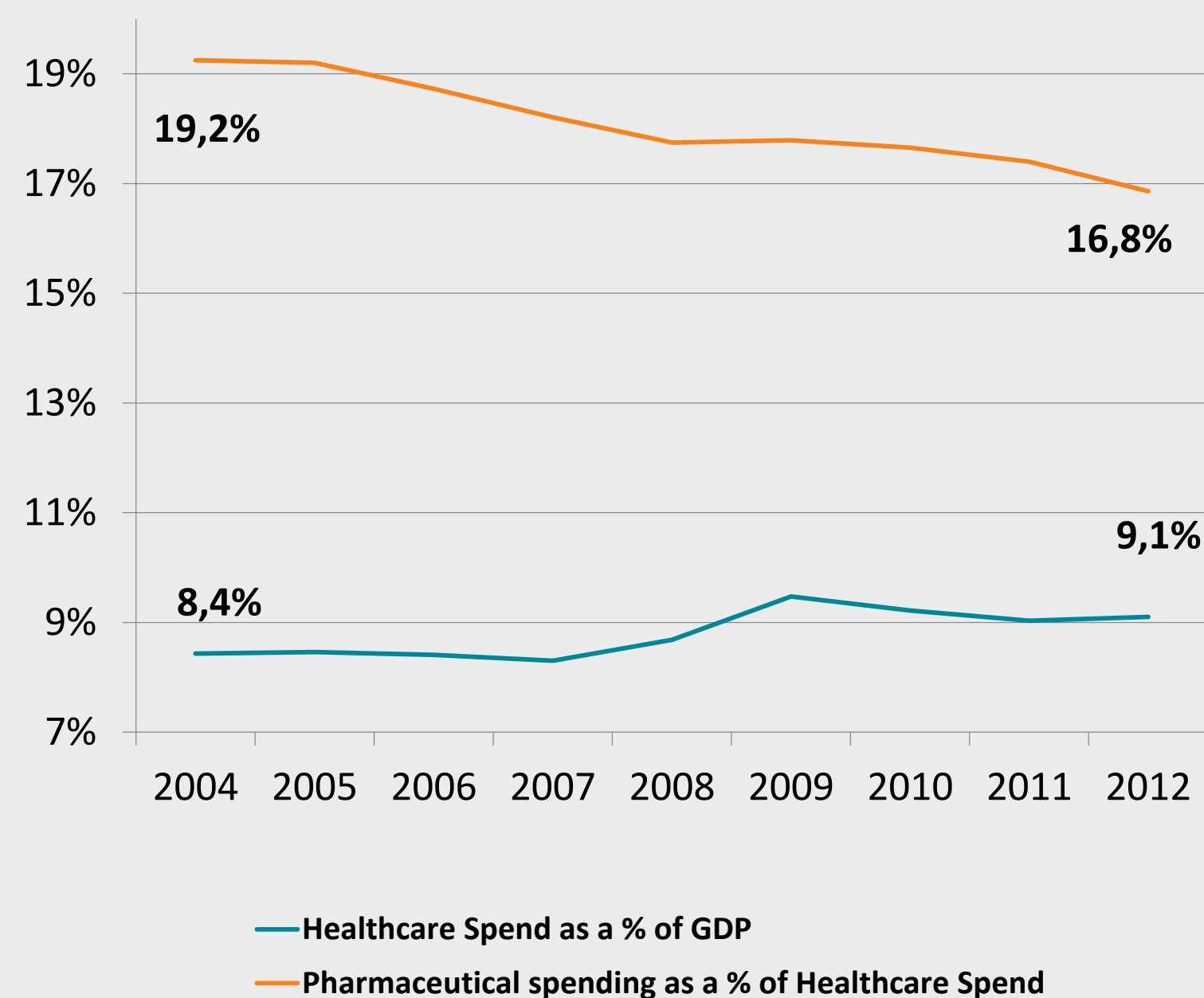
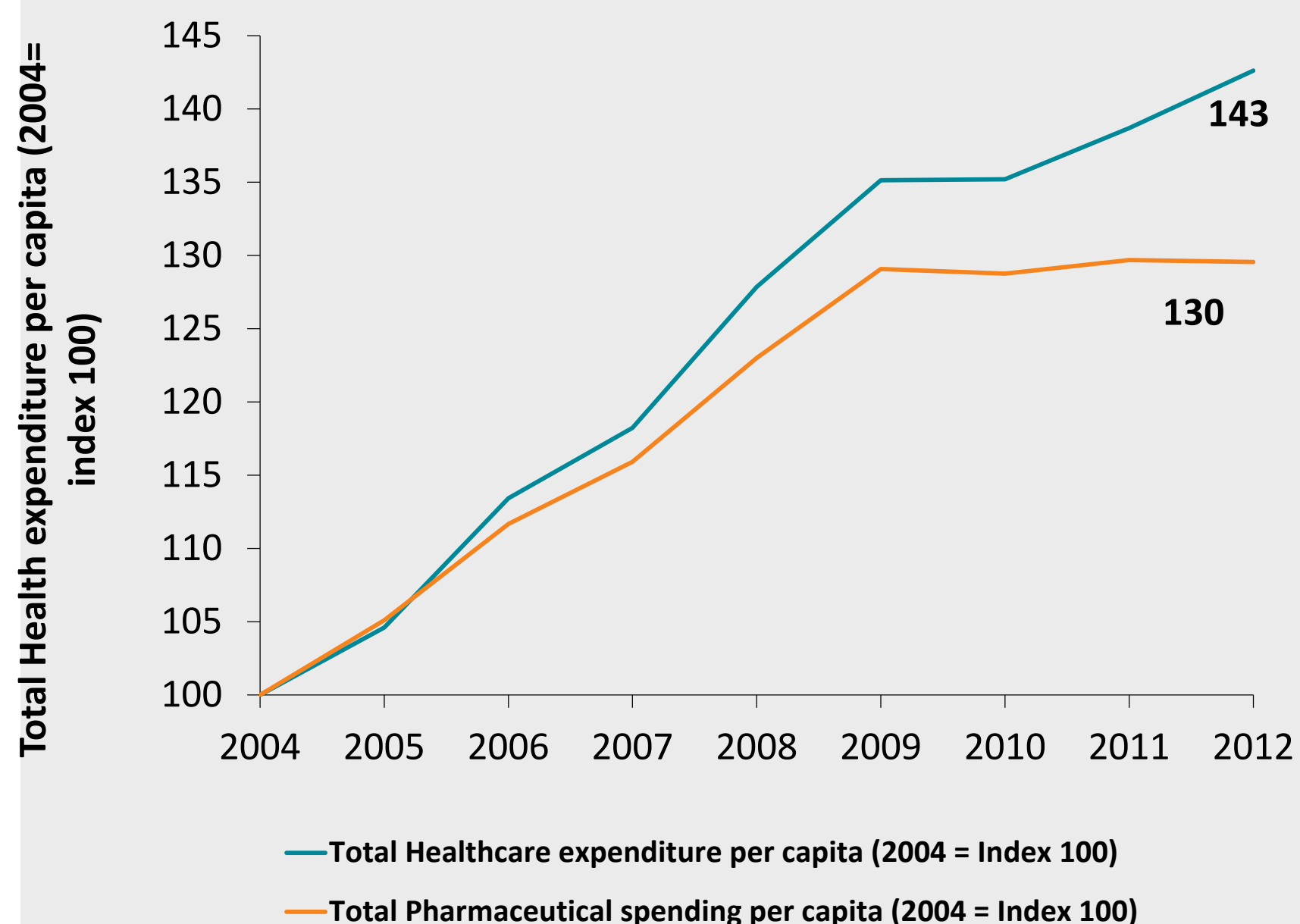
	AT	BE	GE	FI	FR	NL	SE	UK
Therapeutic benefits	■	■	■	■	■	■	■	■
Patient benefits	■	■	■	■	■	■	■	■
Cost-effectiveness	■	■		■		■	■	■
Budget Impact		■		■	■	■		■
Innovative Characteristics	■	■			■	■		■
Availability of therapeutic alternatives	■					■	■	■
Equity considerations							■	■
R&D					■			
Public health impact				■				

■ Included in HTA process

Across Europe growth of medicines expenditure is lagging behind growth in total healthcare expenditure*



Total healthcare expenditure per capita and pharmaceutical expenditure per capita (2004 – 2012, 21 EU OECD Countries, population-weighted, current prices, PPP, \$) 



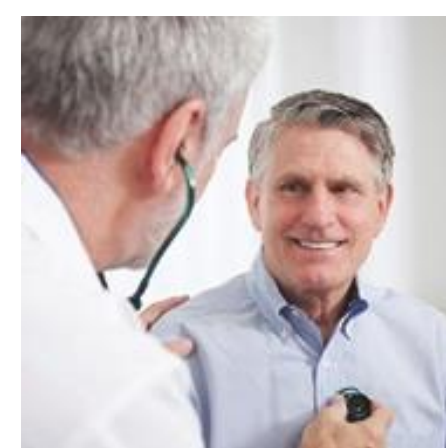
Note: *according to the OECD definition, pharmaceutical spending include expenditures on prescriptions medicines and over-the-counter products. Pharmaceuticals consumed in hospitals are excluded. Countries included: Austria, Belgium, Czech Re Austria Belgium Czech Republic Denmark Estonia Finland France Germany Hungary Ireland Italy Luxembourg Poland Slovak Republic Slovenia Spain Sweden United Kingdom
Source: OECD Health Statistics Database (accessed in April 2015).




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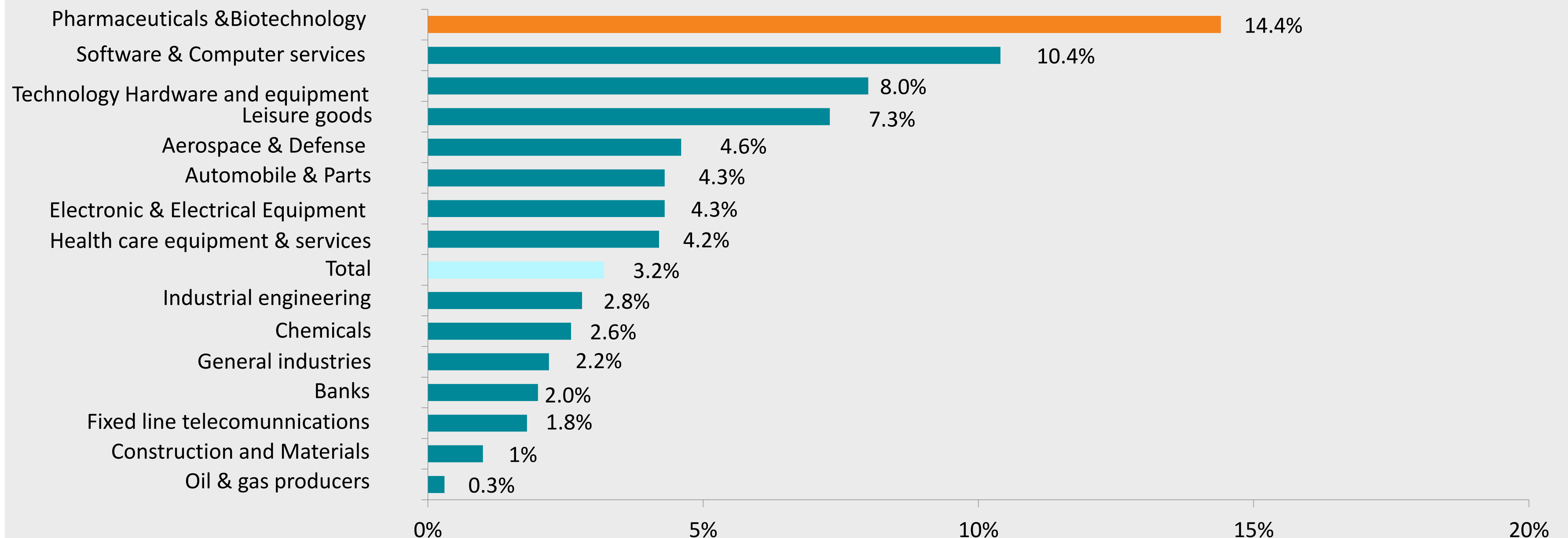


 Driving innovation



The pharmaceutical industry spends a greater percentage of its revenue on research and development than any other industry

Ranking of industrial sectors by overall R&D intensity (2013)



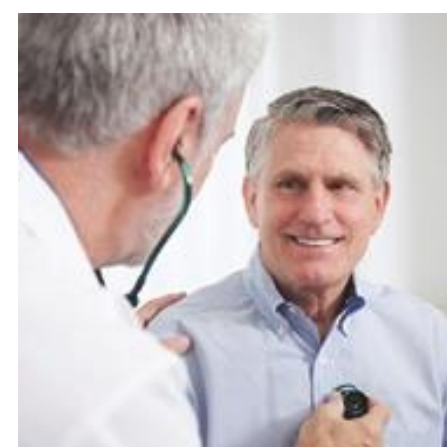
Note: R&D intensity refers to R&D spending as percentage of net sales. data relate to the top 2,500 companies with registered offices in the EU (633), Japan (387), the USA (804) and the Rest of the World (676), ranked by total worldwide R&D investment (with R&D investment above €15.5M)
Source: The 2014 EU industrial R&D investment scoreboard, European Commission, JRC, DG RTD.




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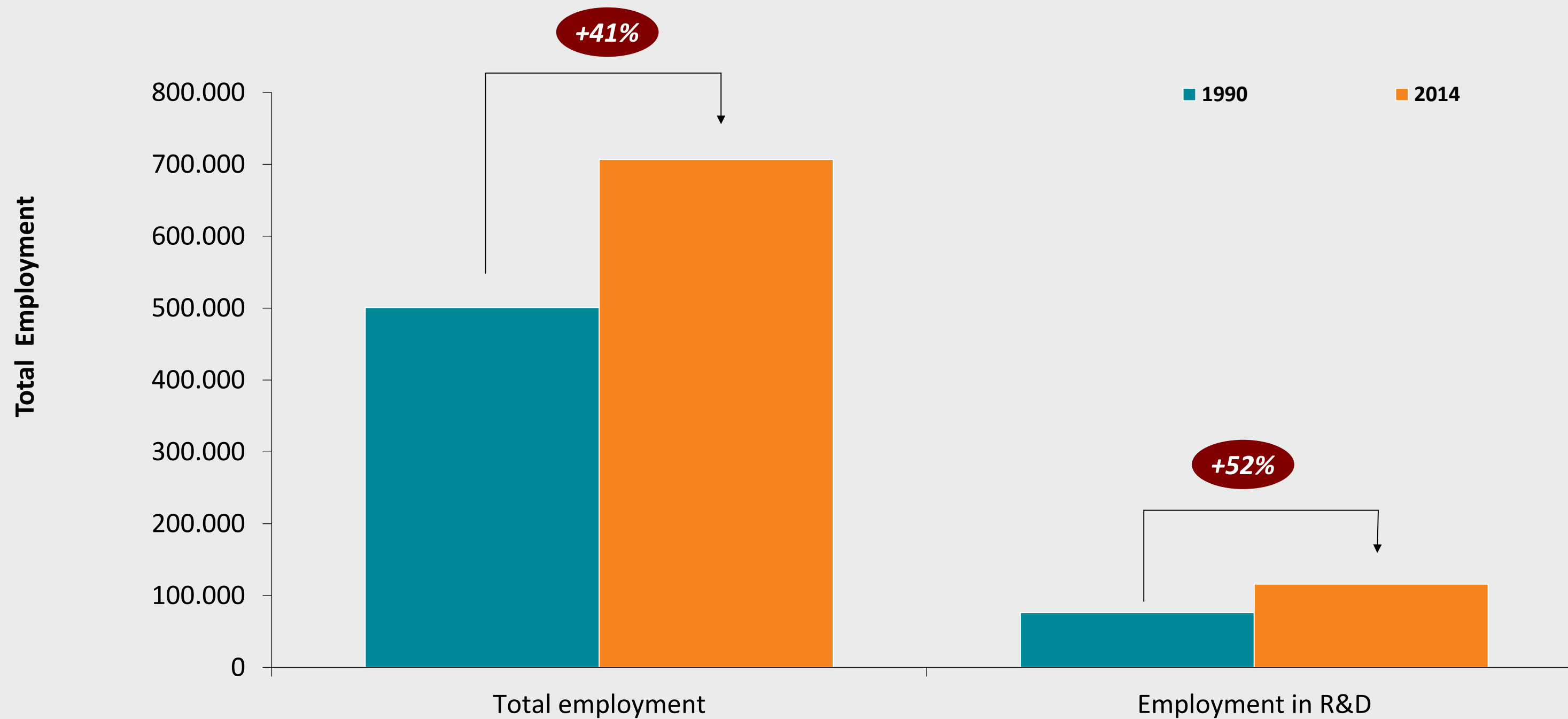


 Driving the economy



The research-based pharmaceutical industry is a major high-technology employer in Europe

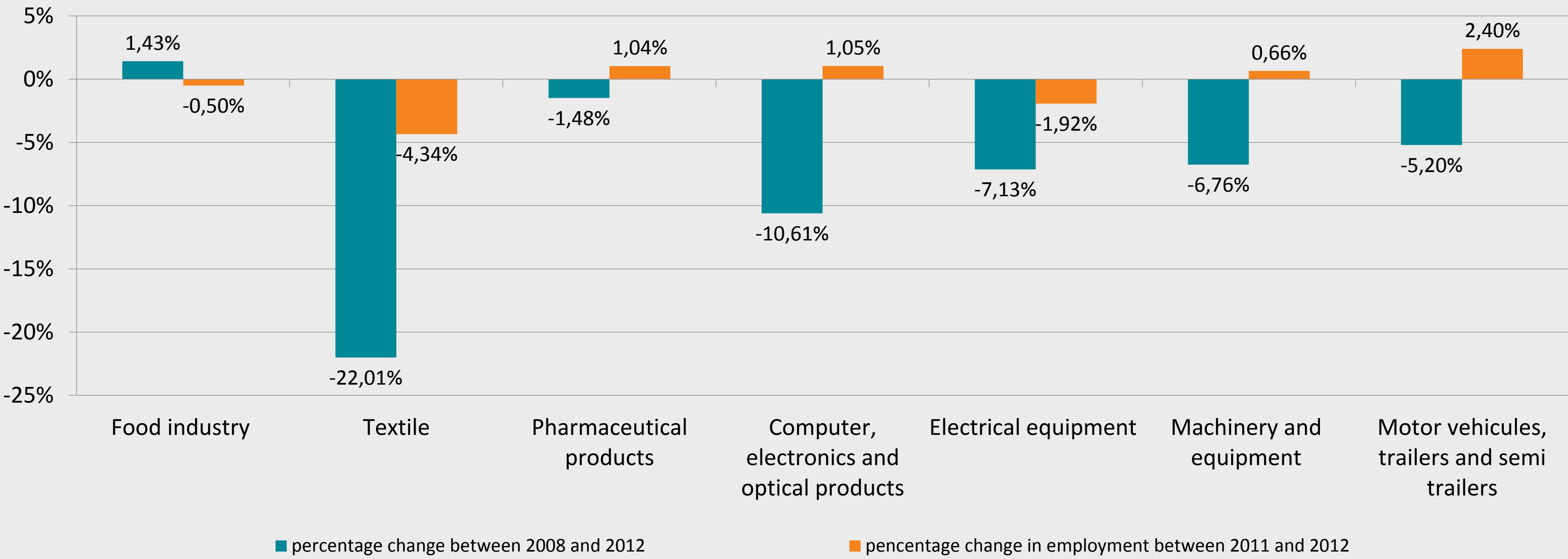
Employment in the pharmaceutical industry in EU (1990-2014) 



Despite the crisis, employment in the pharmaceutical industry has proven more resilient than many other sectors



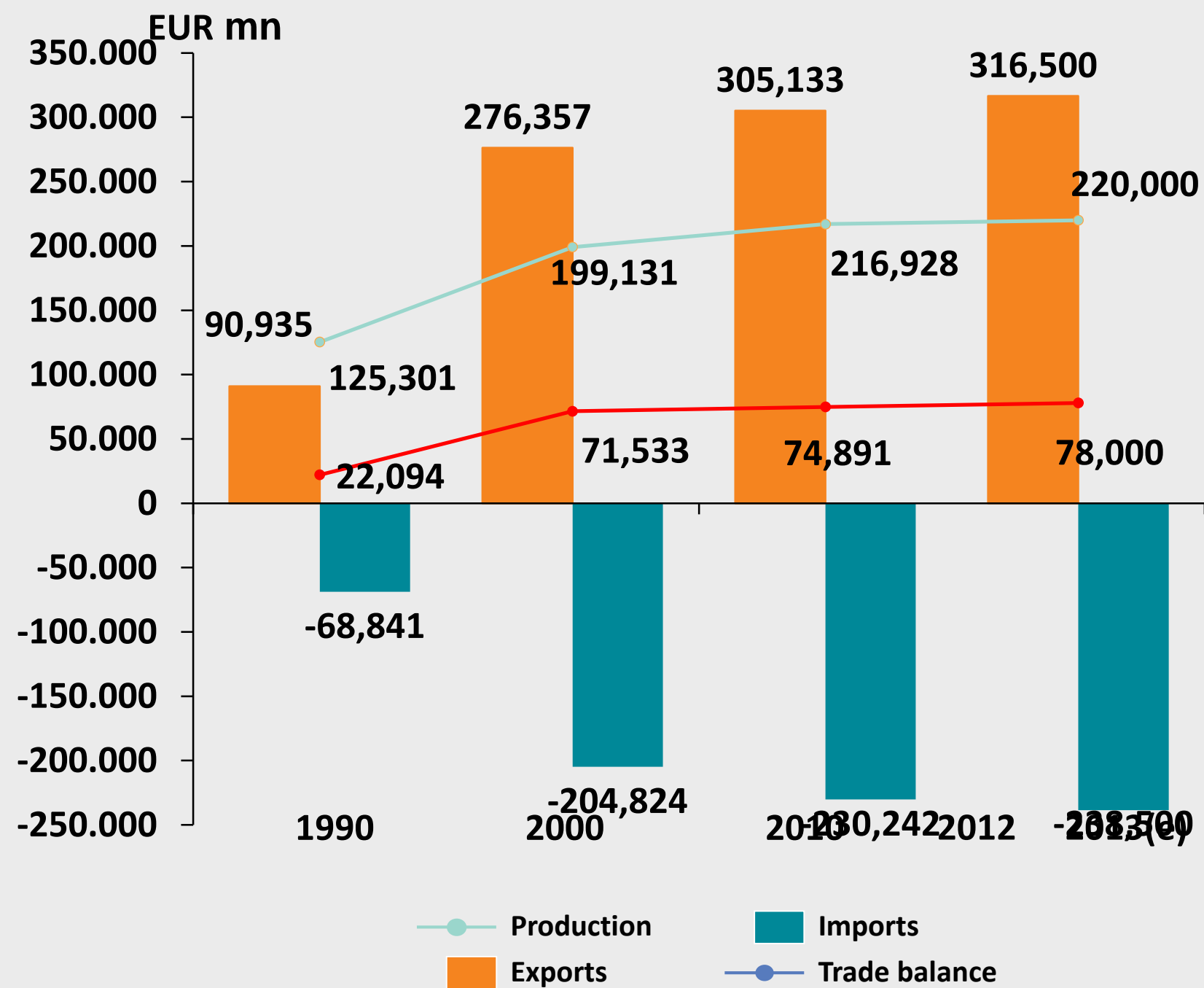
Percentage change in employment in selected industries (2008-2012) 



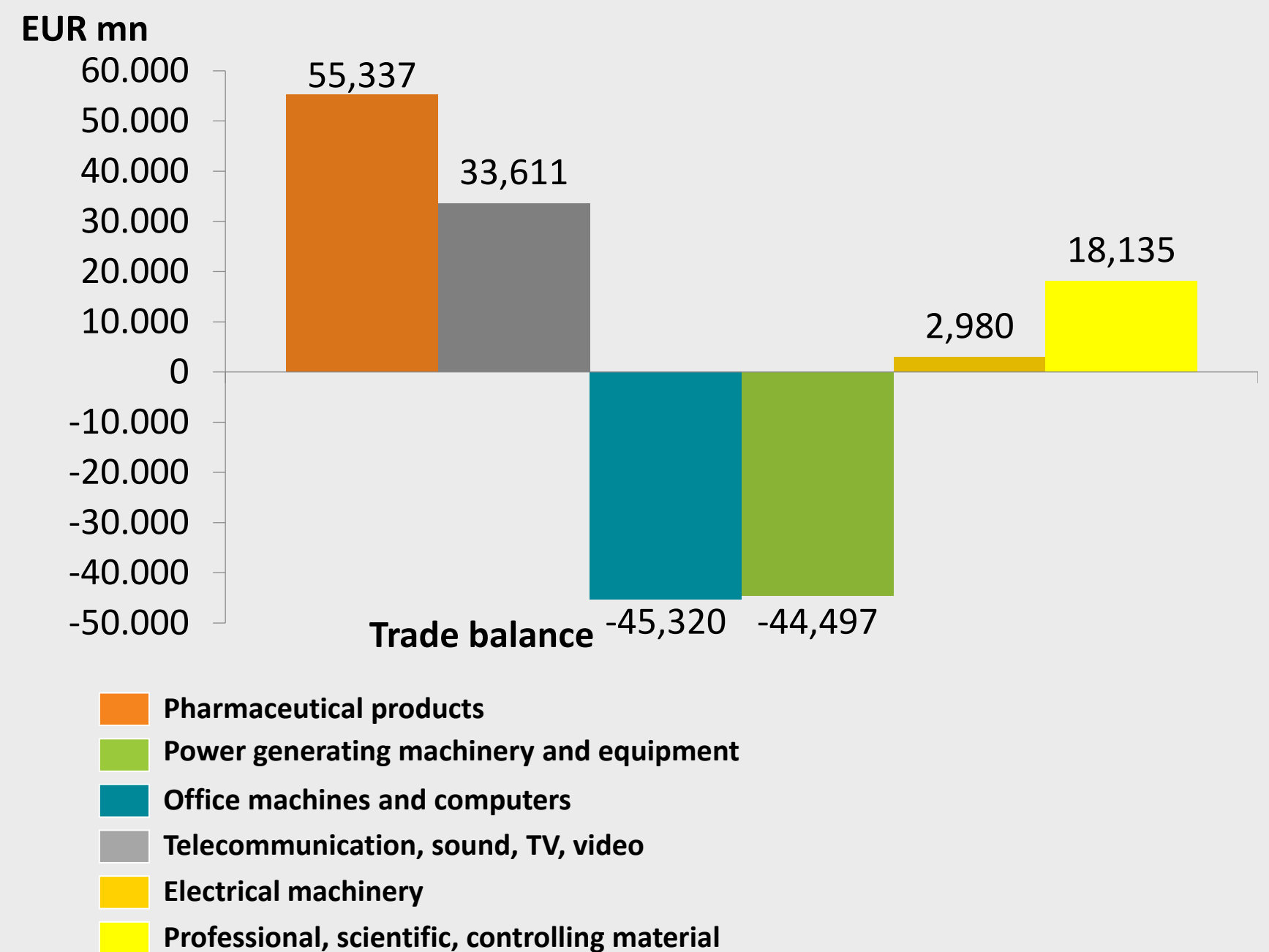
Note: the graph measures change in employment for the EU27 (2008-2012) and for the EU28 (2011-12). The chemical industry could not be included in the graph because of the absence of statistics for the year 2012. Source: Eurostat database on employment by NACE2 sectors.

The pharmaceutical industry continues to drive a positive trade balance for Europe

Trade Balance for Europe (2000-2014)*



EU-28 Trade balance for high technology sectors in million (2014)



Note: the graph in the left hand side was based on EfPIA member associations (official figures) - (e): EfPIA estimate; Eurostat (Eu-28 trade data 1995-2013)
 Source: EFPIA, The Pharmaceutical industry in figures 2015 (2015), Eurostat COMEXT database, April 2015.




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 Future healthcare



Outcomes driven, sustainable healthcare

“

A focus on outcomes can address many of our current healthcare challenges. Systems are struggling to spend their money where it has the highest impact. A focus on outcomes can help these systems allocate spending where it really makes a difference. By focusing on interventions that really work and moving away from those that don't, make health systems more financially sustainable”

Joe Jimenez, President, EFPIA

”

By outcomes driven healthcare, we mean systems that focus on improving patients health in a holistic and evidence-based way. A system that systematically allocates its resources towards those interventions that deliver the best possible outcomes and away from those that don't, these systems improve quality which is often less expensive in the long-term and thus more sustainable than the current transaction-oriented approach to healthcare, which tends to set volume-incentives, e.g., to fill beds or to sell pills or to do lots of diagnostic tests.

Proactively initiated care for patients at risk can result in better outcomes and lower costs for the health system

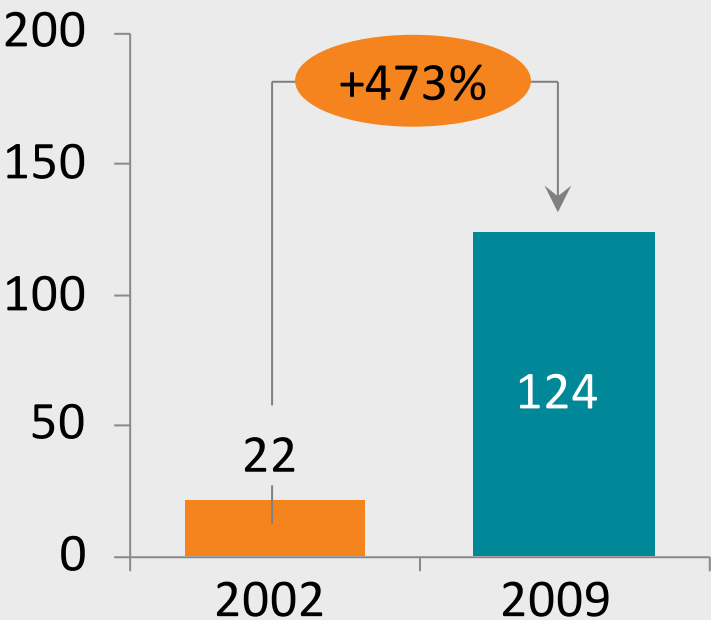
Kaiser Permanente's Osteoporosis Disease Management Programme

KP proactively identifies, screens and treats risk group patients...

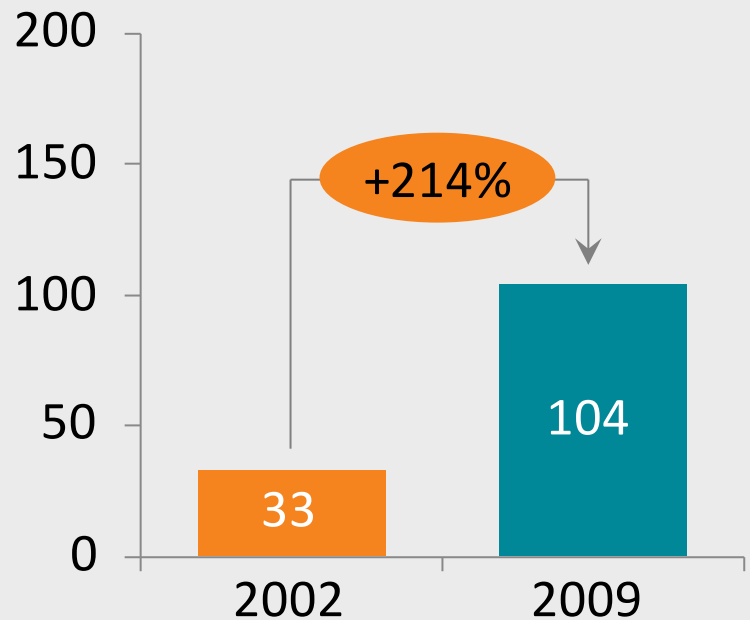
Targeting enrollees based on set criteria:

- Fragility fracture but no recent DXA¹ scan
- Fractured a hip or diagnosed with osteoporosis but not on medication or not refilled
- 65 or older² but never had DXA scan

DXA Scans (thousands)

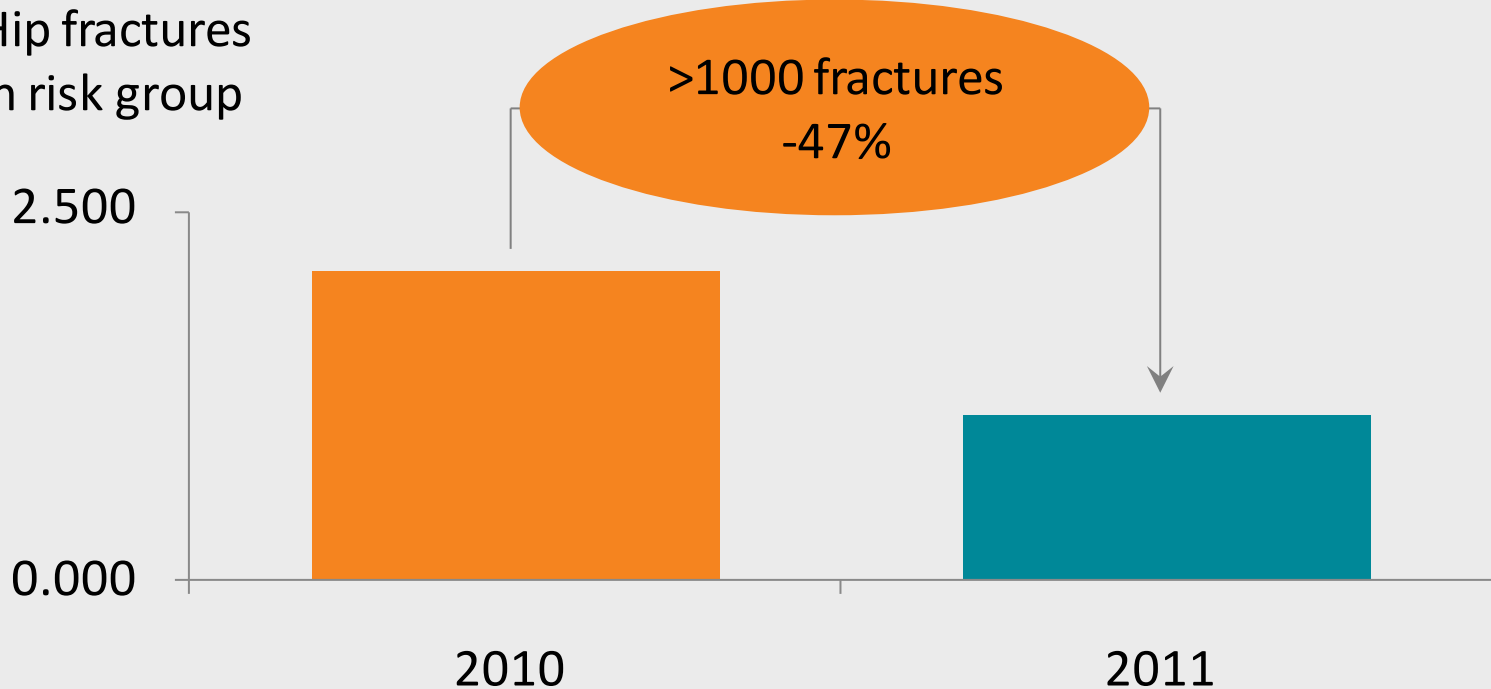


Enrollees treated (thousands)



...leading to a reduction in hip fractures for risk group of 47%

Hip fractures in risk group



➔ Saving 250 lives per year

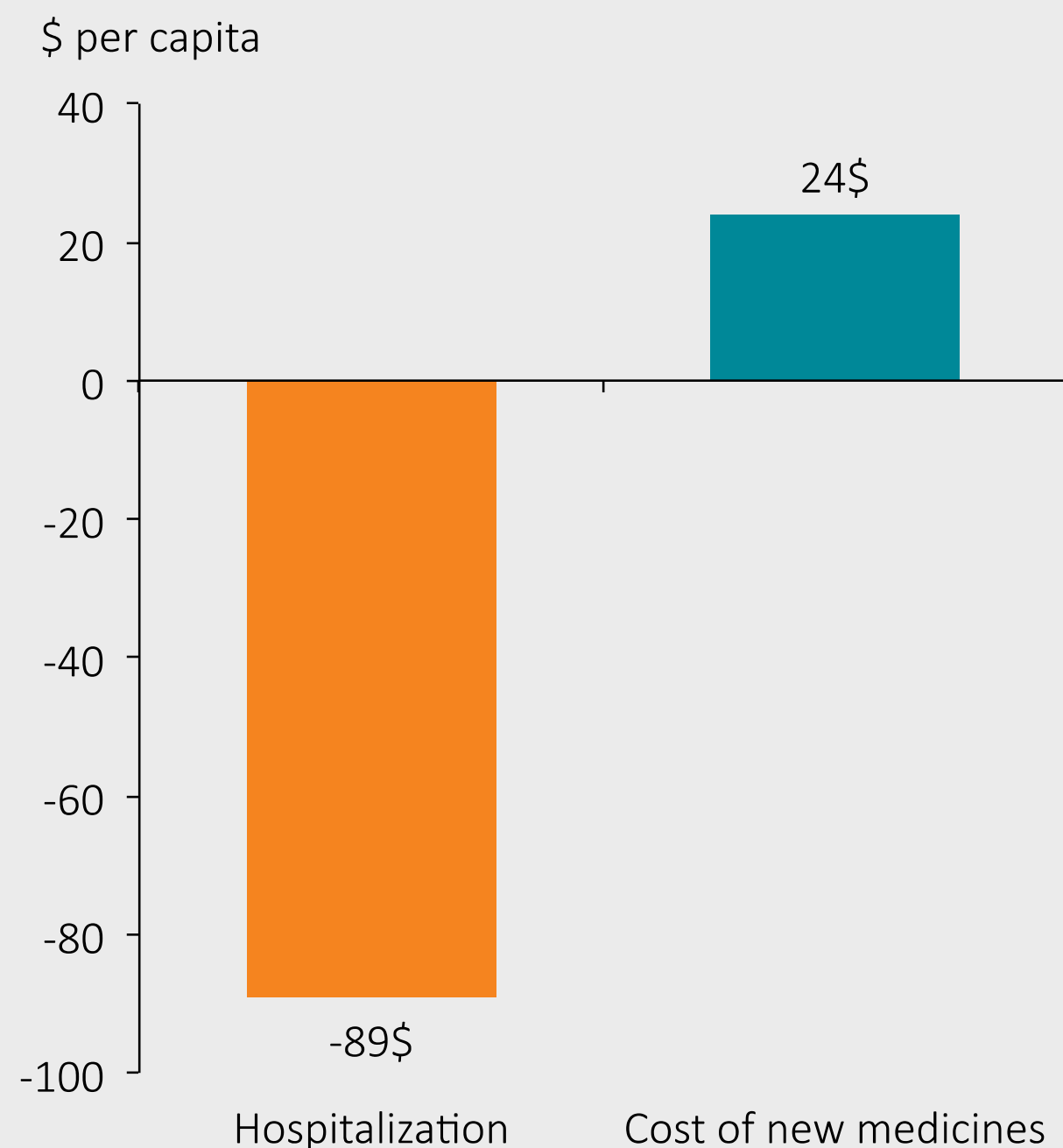
➔ Saving ~\$40M per year
 — \$39k per hip fracture
 — Compared to ~\$5M programme costs

Note: 1. Dual-energy X-ray Absorptiometry 2. Men 70 and older
 Source: ACHP, Building Healthier Communities: Kaiser Permanente Southern California, 2012

Innovative new medicines enable to reduce per capita expenditure on hospitalisation

Example: Cardiovascular

Cost of new cardiovascular medicines compared to savings in hospitalizations in 20 OECD countries 1995 - 2003



* Study objective:

Assess the effects of introductions of innovative cardiovascular medicines on total healthcare spending

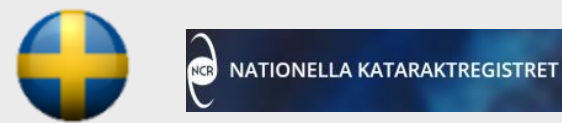
* Methodology:

- * Data used for 1100 cardiovascular medicines in 20 OECD countries during the period 1995 – 2003 and based on drug vintage (i.e. the first year the medicines was available in any market)
- * Controlling for demographic variables, quality of cardiovascular medicines consumption, consumptions of other medical innovations (e.g. CT scanners and MRI units), cardiovascular risk factors and prevalence

* Conclusion:

Per capita expenditure on hospitalization would have been \$89 higher in 2003 had new cardiovascular medicines not been introduced in the period 1995 – 2003. This increase was almost four times as high as the per capita increase on expenditure on cardiovascular medicines (\$24)

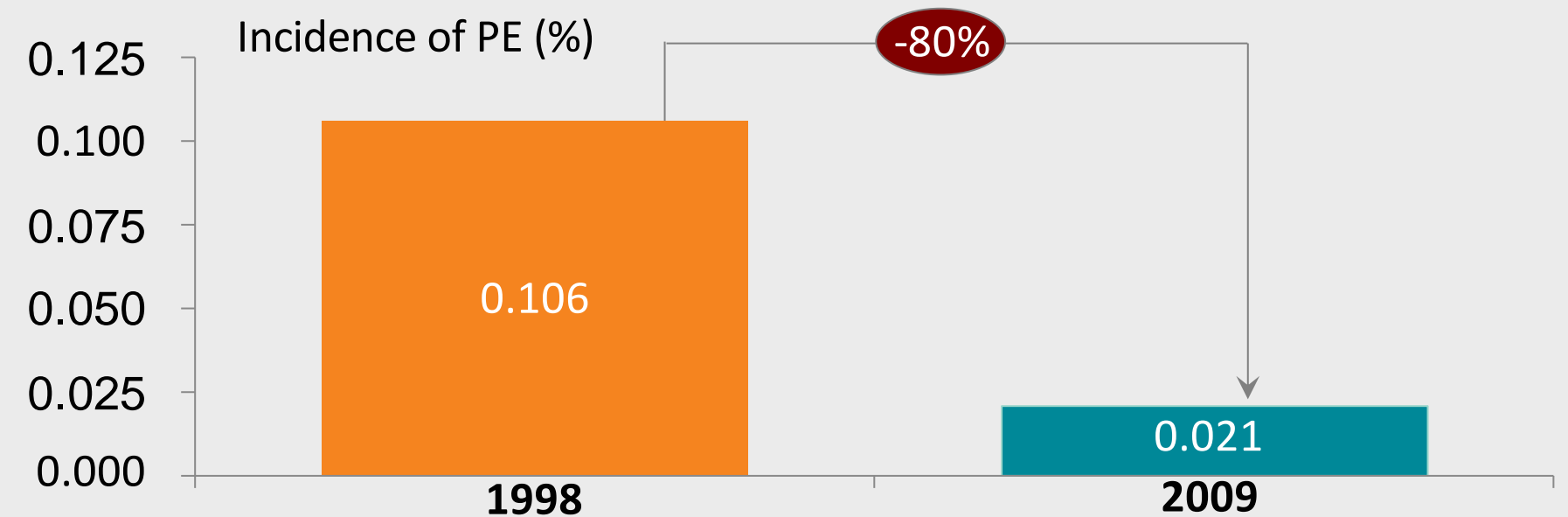
Data allows identification of high risks patients and targeted intervention, leading to better outcomes at lower costs



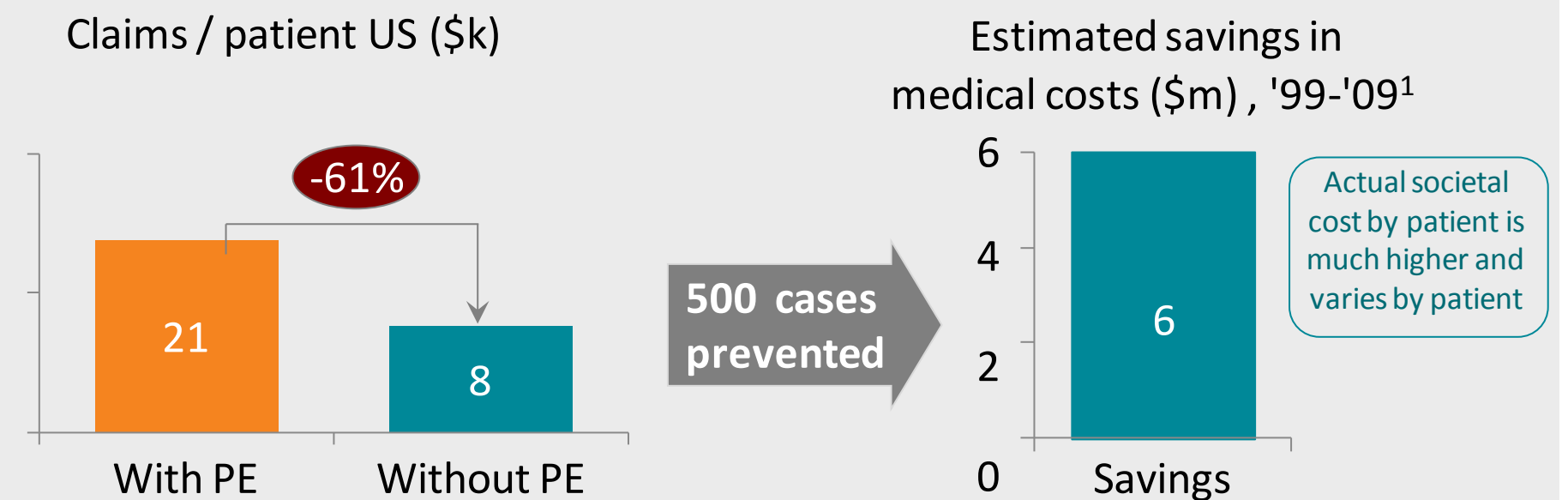
Background

- A national Cataract Registry was established in 1992 in Sweden
- The aim was to identify and implement best practices to avoid PE
- PE: postoperative endophthalmitis (PE) is a severe inflammation leading to blindness

Impact on outcomes: registry findings saved over 500 people from the risk of blindness



Impact on resources: Savings from reduction of PE rate estimated at ~\$6M during 2000-2009



Source: BCG based on Schmier, J. K. et al (2007) Evaluation of Medicare Costs of Endophthalmitis among Patients after Cataract Surgery, Vol. 114, No. 6, pp.1094-1099; Friling et al, Six-year incidence of endophthalmitis after cataract surgery: Swedish national study, J Cataract Refract Surg., 2013; County of Uppsala (Landstinget i Uppsala Län).

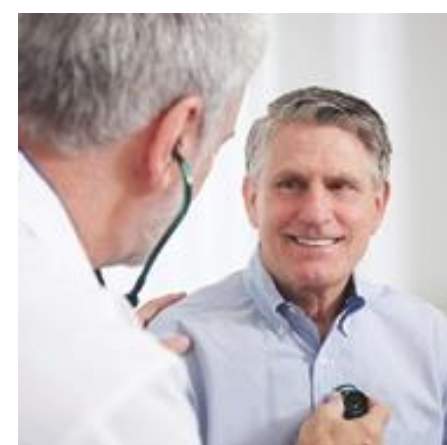
How do we get there?



- * Pay for outcomes not pills, devices, time etc
- * Agree on what outcomes
- * Standardise definitions and measures
- * Maximise the potential of healthcare data
- * Remove budget silos across departments and years
- * Look at system wide approaches



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