

Aspen Healthcare Forum 2018 Report

Healthcare as an Investment: From Cost to Social Efficiency

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Aspen Institute Romania Healthcare & Quality of Life Program

Aspen Institute Romania Healthcare & Quality of Life Program was created to broaden the scope of the debate on health policy, support sustainable reforms in the health sector and develop a program community involving all relevant stakeholders (officials and decision-makers, national and European healthcare sector specialists, medical technology and pharma representatives, as well as non-governmental actors from the sector). It provides a neutral and balanced venue, not just for discussing, but also for acting on critical issues affecting the Romanian and regional healthcare systems.

Aspen Healthcare Forum, Healthcare as an investment, from cost to social efficiency

Aspen Healthcare Forum, the public component of the 2018 – 2019 program editions, took place on 23 October 2018. Participants included high-level decision-makers from the Romanian Government, Ministry of Health, National Health Insurance House, Presidential Administration and WHO, as well as key representatives of the private sector and civil society, foreign and Romanian medical researchers and academics.

The conference focused on three panels: *Promises of Future Healthcare, Improving health coverage, better access to medical services and medicines* and *Health and finance, an indispensable partnership: healthcare as an investment, sustainability of health funding, getting serious about prevention*.

Organizer: Aspen Institute Romania (AIR)

Institutional Partners: Romanian Ministry of Health, Committee for Public Health of the Romanian Senate, Committee for Health and Family of the Romanian Chamber of Deputies, National Health Insurance House, National Institute of Infectious Diseases “Prof. Dr. Matei Balș”, National School of Public Health, Management and Professional Development, National Institute of Public Health

Knowledge Partners: IQVIA, Romanian Society of Microbiology

Program Partners: Roche, Farmexpert, Janssen, Pfizer, Sanofi, GSK

Conference Partners: Polisano, Kedrion Biopharma, Serban & Musneci Associates

Welcome Address

Mircea Geoană, President of the Aspen Institute Romania, argued that healthcare is one of the most sensitive and divisive policy issues in Romania and worldwide. Since healthcare is a topic affecting everyone, discontent of the public opinion is always a factor. Furthermore, there is a huge impact of new technologies and Artificial Intelligence (AI) on the sector. This new frontier in innovation and research is moving to areas that are often beyond public decision-makers' and citizens' capability to comprehend. Thus, it is increasingly difficult for policy-makers everywhere to keep up with developments. In this context, the **Aspen Method** of bringing all relevant stakeholders to the same table is very valuable.

President Geoană encouraged participants to imagine a wider, more strategic vision of the architecture of our system rather than just do patchwork. This vision should include the important issue of identifying financing means beyond the state budget. The Romanian Presidency of the Council of the European Union in the first half of 2019 offers Romania the opportunity to be an honest broker and move the European agenda on healthcare forward. Healthcare should be a regional priority as there are huge differences in the quality of healthcare between the former Communist member states and the rest of the EU.



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Mircea Geoană – President, Aspen Institute Romania

Prof. Dr. Alexandru Rafila, Member of the Executive Board of WHO & Director, Aspen Healthcare & Quality of Life Program, praised the WHO goals that need to be reached by member states by 2030 in order to improve universal health coverage. These ambitious WHO goals should be introduced in Romanian national policies in order to improve our citizens' health coverage and develop preventive policies, which unfortunately are still lagging. One important deliverable of the Aspen Healthcare & Quality of Life Program Forum is to launch a White Paper which can be assumed by all relevant parties, which would be a step forward towards reaching the WHO goals mentioned before.

Keynote Remarks

Viorel Ștefan, Vice Prime Minister of Romania, argued that the Romanian healthcare system, like other sectors, is facing financial, organizational, legislative and human resources-related challenges. Thus, improving access to healthcare and citizens' quality of life has become a state priority and the government approach is centered on the patient. Maintaining a good level of health of the population also implies better collecting state revenues in order to finance efficient medical services and medicines. As many Romanians tend to prefer the private sector for several

medical services, the Government has put forward a new legislative framework facilitating private–public partnerships. Vice-Prime Minister Viorel Ștefan also presented some of the Government’s initiatives in the healthcare sector, such as reforming the national blood bank and establishing regional transfusions centers, organizing regional hospitals as highly specialized and excellence centers which could use telemedicine to improve access to medical services in other areas. The necessary funding of such regional hospitals, starting with Cluj-Napoca, Iași and Craiova, will be assured from both EU and Romanian Government funds.

Dr. Cristian Grasu, Secretary of State in Ministry of Health, delivered a message on behalf of **Sorina Pinteș, Minister of Health**. He stated that improving access to healthcare services, medicines and new technologies, as well as ensuring the sustainable financing of the healthcare system, all topics debated by Aspen Healthcare Forum, require the collaboration of key stakeholders present at Aspen events. He also welcomed the WHO technical assistance given to the Romanian Ministry of Health on public health topics.

Prof. Diana Loreta Păun, State Counselor in the Public Health Department of the Presidential Administration, talked about the challenge of ensuring the sustainability of all health systems through an efficient allocation of resources. She argued that Romania needs to adopt best evidence-based practices in making the system more sustainable, while emphasizing that the future of healthcare means focusing on prevention, innovation and e-health.

She stated that the Presidency of the Council of the European Union, in the first half of 2019, may provide an important opportunity to Romania to set the health agenda at European level. However, it will also be a challenging exercise due to the EU elections at the time and the overarching need to reduce costs, including in the healthcare sector. Ultimately, the main challenges to the European health systems, including Romania, come from demographic decline and ageing population which need adaptation of health systems and resources to the changing environment.

Dr. Hans Kluge – Director, WHO Europe, introduced his speech by mentioning the recent WHO Global Conference on Primary Healthcare in Astana, which was designed to put forward a new global vision on healthcare. However, WHO guidelines and recommendations should be implemented by member countries. Both globally and regionally, healthcare systems have recently been under pressure due to the financial crisis and increasing wealth inequality. To combat this, there are 3 main strategic directions European health systems need to keep in mind, as was recently agreed by European health ministers in Tallinn in 2018: 1) inclusiveness (leaving no one behind, increasing health coverage and access to medicines as well as financial protection); 2) aim for strategic investments (seeing healthcare expenditures as an investment rather than a cost, and making sure that the many economic benefits of private healthcare are maximized); 3) innovation (based on the needs of patients).

In all these efforts, the private sector already is a key partner, but additional public – private cooperation and transparency would be needed. A new social pact is needed in order to make

quality medicines affordable. WHO, the Regional Office for Europe, has always been a reliable partner for Romania to develop and to implement healthcare reforms and the needed public policies.

How data are shaping the future of healthcare

Christoph Franz, Chairman of the Board of Directors, Roche Group, argued that health is first and foremost an investment; investments need to continue in order to achieve universal healthcare coverage. The digitalization of healthcare can play a significant role in improving access to healthcare and can act as an important driver of medical innovations. The last decades’

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increase in life expectancy is linked to an increase in healthcare spending, but also medical innovations. Thus, Roche is investing 10 billion dollars in research and innovation globally every year. The challenge is that

patients differ and are genetically diverse, triggering specific responses to treatments. Therefore, Roche focuses both on new medicines and advanced diagnostics tests. Progress in cancer immunotherapy and targeted therapies bring hope that life-extending treatments can be brought to patients even in advanced stages of illnesses.

Furthermore, real-world information from patients and doctors is being digitalized, creating a digital revolution in healthcare and allowing scientists to see correlations more easily than in the past. The benefits of aggregating and analyzing this data are: 1) patients will benefit more from personalized, targeted treatments; 2) the industry and regulators will take advantage from a more clear demonstration of health economic value (because data will enable outcome-based pricing models) and earlier signals of unexpected treatment impacts will be visible; 3) healthcare companies will carry out smarter and more efficient research and development.

In order to address the challenges and opportunities of digitalization, the development of public-private partnerships is critical.

Panel 1: Promises of Future Healthcare

Before the panel, **Dr. Hans Kluge, Director WHO Europe**, held an introductory speech looking at the future of health systems in Europe from the perspective of the United Nations' Sustainable Development Goals (SDGs). In surveying the state of implementation, he emphasized that investments in healthcare are relevant to more than a single policy field, contributing to success in reaching the targets contained by many of the SDGs.

Dr. Cristian Grasu, Secretary of State in the Ministry of Health, argued that Romanian Ministry of Health faces a long list of challenges which need solutions in a limited amount of time, with a limited amount of resources. The Ministry of Health is currently performing an overview of the health services needs throughout Romania, in order to come up with a clarified list of priorities to be implemented. Thus, the Ministry of Health and the National Insurance House are planning to create a common platform facilitating the collection and analyze of standardized data by trained personnel. Furthermore, the Romanian health system is facing an aging infrastructure. Therefore, the Ministry is looking to modernize the public hospital network building new regional hospitals, which may change the Romanian health system, both due to new design and management of these healthcare facilities.

Another priority mentioned by Secretary of State Cristian Grasu was telemedicine use in rural areas where over 120,000 Romanian currently lack access to primary healthcare or to a pharmacy in

their community. This is a key instrument in bringing access to healthcare to the entire population of the country, which is a goal of the Romanian National Health Strategy 2014 – 2020. Pilot projects have already taken place in some counties, with EU funding.

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Dr. Cristian Grasu – Secretary of State, Ministry of Health

Dr. Laszlo Attila, President of the Committee for Public Health in the Romanian Senate, also deplored the problem of data collection which makes evidence-based decision-making difficult. An important progress in was the adoption of the law-making mandatory the use of card for health. E-health solutions are also at high priority for the Parliament. A key challenge for Romania is that access to health services is not uniform throughout the country and the differences are growing, also fueled by the lack of healthcare personnel.

Roberto Musneci, AIR Vice-President & Senior Partner, Șerban & Musneci Associates, presented a model of a health system focused on sustainability. One major input in the long-term sustainability of a health system should be prevention. Prevention is connected to factors such as life-style and early education, early diagnosis and immunization policies. Another input contributing to sustainability is a multiannual budget, shifting the paradigm from cost to investments. This relates to acknowledging the true economic costs of a disease (e.g. in terms of

loss of productivity) as well as the potential savings due to innovative technologies and products. Further contribution to sustainability is a shift from budgetary constraints to an efficiency control model, in terms of outcome-based payments, risk-sharing and evaluation of medicines and medical technologies.

Prof. Sergio Pecorelli, former President of the Italian Medicines Agency (AIFA), also talked about the sustainability of healthcare systems, from the perspective of wellness. He showed that wellness (lifestyles and behaviors) plays a key role in population's health, in synergy with the traditional medicine. Starting from preconception stage, healthy lifestyles and personalized wellness approach may prevent the use of painful and expensive treatments. Health and wellness professionals should promote and apply the educational role of wellness in shaping the new prevention paradigm and ensure health system sustainability.

“The main challenge is ensuring innovations go from the lab to the patients. In this regard the support of authorities is essential in acknowledging innovation and in setting up a legislative framework supporting innovation.”

Anouk De Vroey – Senior Director Policy and Governmental Affairs EMEA at Johnson & Johnson

Anouk De Vroey, Senior Director Policy and Governmental Affairs EMEA at Johnson & Johnson, argued that her company's vision is to set investments in research as a priority. She stated that the future of healthcare is now,

presenting the company's achievements in oncology and arguing that making innovative treatments accessible will significantly improve the life of patients. Partnerships between industry, academia and authorities are the key issue in continuing investments towards finding innovative solutions.

The main challenge is ensuring innovations go from the lab to the patients. In this regard the support of authorities is essential in acknowledging innovation and in setting up a legislative framework supporting innovation. The EU should not see innovation as a burden, but as an advantage, contributing to investments and a better quality of life. Artificial intelligence (AI) has a great potential to change healthcare, but advances in the field are faster than any policy-maker's capability to legislate. AI can help health systems move from cost-based to outcome-based models, but the process must be centered on the patient. The issue of privacy must also be addressed properly so that citizens are willing to contribute. Policy-makers may facilitate innovations in 2 main ways: 1) financial stimulation, particularly in digital infrastructure (which can also be through public-private-partnerships); 2) legal clarity.

Panel 2: Improving health coverage, better access to medical services and medicines

Dr. Patriciu Achimaş-Cadariu, Former Minister of Health of Romania and moderator of the panel, expressed hope that new treatments, following the positive example of oncology, would be available also in other fields in order to increase the life expectancy and quality of life of patients.

Radu Gănescu, Vicepresident, European Patients Forum / President, COPAC, talked about some important shortcomings of the Romanian healthcare system, such as the lack of doctors, especially in rural communities, which also means a lack of access to early diagnostics and monitoring. Thus, for a true paradigm shift, Romanian patients need access to medical services and medicines. This also implies changing the way family medicine is considered and financed. A better quality of management is needed at the same level. Digitalization is needed most in order to reduce bureaucracy and waiting times.

Răzvan Teohari Vulcănescu, Acting President of the National Health Insurance House, emphasized the opportunity offered by the Romanian Presidency of the Council of the European Union. He argued that data are the most important resources available to the health system. Collecting data is at the crux of a project financed through EU funds. Developing an e-health platform is a not just an important opportunity for Romania, but also a necessity considering that the required human resource is already available. In order to ensure a better access to medicines, a revision of the claw-back mechanism is needed to create predictability and sustainability. The system needs to offer premises for patients to be treated in the country, but patients must also be responsible consumers of medical services. To this end, the National Health Insurance House signed a protocol with the most important patients' organizations. The key to improve access is the implementation of a concept which exists at the EU level, namely value-based reimbursement. Private insurance is needed to sustain the healthcare and the fiscal needed incentives have already been discussed.

“Data collection should not just improve patients’ lives, but also help the Ministry of Finance see why more financing is needed.”

Răzvan Teohari Vulcănescu – Acting President of the National Health Insurance House

Professor Albert Farrugia, Senior Scientific Advisor at Kedrion Biopharma, talked about access to immunoglobulin therapies as an imperative for patients. He emphasized the importance of countries self-sufficiency in terms of plasma product supply. National collected plasma is a key source of immunoglobulin. Professor Farrugia also talked about the situation in Romania and the importance of blood donation. He also highlighted Kedrion’s support for patients with primary immunodeficiency.

Iulian Trandafir, CEO of Farmexpert and AIR Member, argued that there needs to be a sustainable and predictable growth of the health budget. Stability of the prices of medicines is also required in order to keep treatments affordable for the patients. There is still a problem with shortages of many medicines in pharmacies, thus many patients go directly to distributors. Farmexpert has helped around 120 people receive treatments abroad. Mr. Trandafir also stated that health policies should more focus on early diagnostics.

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Iulian Trandafir – CEO of Farmexpert & AIR Member

Dana Constantinescu, General Manager of GSK Romania, argued that a shift must take place, from focusing on costs to focusing on value, one of the most important issues in a health system. As consensus is needed to move reforms forward, the efforts of the Aspen Institute Romania to bring all stakeholders together is important. While there is an agreement on major issues, implementation remains a big challenge. All involved actors need to start building a new architecture of the health system. For this, interventions are required in order to ensure a just evaluation of any medical intervention, as well as an adequate and predictable growth of the level of financing and the efficiency of the health system. This also means increasing the budget on priority areas like HIV/AIDS and reforming the legislation on evaluating medicines, in order to make it less restrictive. Efficiency also means prevention. In terms of prevention, the most cost-effective intervention is investing in vaccines. Unfortunately, the vaccination law is still in standby and needs to be unblocked.

Dr. Alexandru Velicu, President of the National Agency for Medicines and Medical Devices (ANMDM), stated that reorganizing ANMDM is the agency’s priority and work has been ongoing for several months. This reform has two main aspects: increasing the number of specialists working in technical areas and changing the mode of financing from the state budget to self-financing, taking into account the important revenues of the agency. ANMDM is a partner to all relevant stakeholders in the health system, striving for a prompt communication with all of them and looking to ensure patients’ access to their prescribed medicine, including innovative treatments outside the country. One important success was the recent introduction of new molecules by government decision.

Panel 3: Health and finance, an indispensable partnership: healthcare as an investment, sustainability of health funding. Getting serious about prevention.

Prof. Cristian Vlădescu, Director of the National School of Public Health and moderator of the panel, set the stage by presenting the two main models of financing the healthcare sector: the mainly public EU model and the traditionally private US model. However, even in the US, 70% of the funding is public. Thus, a key aspect is the percentage of funds allocated to healthcare from the public budget, but there is no consensus on this. Romania is allocating the lowest percentage in the EU, around 4%. The US, for instance, has committed to allocating 18% of its budget to healthcare in the next 20 years. Thus, emphasis should be placed on the efficient use of resources.

Cristian Nacu, Senior Country Officer for Romania and Moldova at the International Finance Corporation (IFC), talked about private financing of the healthcare sector, which the World Bank group promotes. Health is a priority for the World Bank group as it leads not just to better quality of life but also to an increase in productivity and economic growth. In Romania, the IFC invested around \$5 million in over 200 projects, in varied fields ranging from integrated health services to laboratory services. The IFC also has an advisory division, which offers technical assistance to governments and producers. Around 20% of these services were in the healthcare sector. One key success was the privatization of renal dialysis public services in 2004 with IFC assessment and recommendations. The IFC stands ready to offer its technical assistance to new projects, especially since the Romanian government plans to use more public-private partnerships.

Pascal Robin, Country Chair Romania & Moldova, Sanofi and AIR Member, presented the company's vision on the sustainable procurement of vaccines as a vital tool for public health. In last 20 years of activity in Romania, Sanofi has delivered vaccines to more than 3 million children and 5 million adults. This requires a proactive approach and the active long-term control of vaccination coverage. Further attention should be paid to the need for continuous education of

“Vaccination is essential for a sustainable and complete health policy.”

Pascal Robin – Country Chair Romania & Moldova, Sanofi and AIR Member

the population and healthcare professionals, as well as the robust management of vaccines procurement and inventory. The vaccination law, which still must be adopted by the Chamber of

Deputies, would be an important step forward.

Moving to pricing, Mr. Robin argued that, beyond the necessary evolution of tender procedures, the re-thinking of the purchasing methods should be done in order to better match with expected outcomes for the population. While price-based tenders can reduce the price of vaccines, they do not lead to sustainability in vaccines supply. Some countries have recognised the negative impact

of price-based tenders on vaccine R&D and have modified purchasing methods to help incentivise investments in this area.

Tomasz Kluszczynski, Senior Principal at IQVIA, talked about access to innovative therapies. At the EU level, a wave of innovation is apparent through an explosion of approvals for new molecules in the last few years. However, new treatments are experiencing rapid growing price and pressure from payers as they try to contain budgets limits. Immuno-oncology and cell & gene therapies are at the forefront of the new wave of technologies. A new wave of immuno-oncologic drugs is in the pipeline for virtually all types of cancers. On the other hand, cell & gene therapies offer unique value across a large number of difficult to treat or un-treatable diseases. However, as treatments evolve and growth is more complex, stakeholders faced many risks and uncertainties: about clinical impact or value, about budget impact or costs, about patients' responses, about affordability, and about transaction and monitoring costs. At the end, an accelerated access to innovation will require a delicate balance with the budget impact in a complex policy environment.

Dr. Gabriel Dina, Corporate Affairs at Pfizer Romania, stated that the country is a prime location for his company's investments. A factory has been bought in Cluj and fitted with new technologies, total investment being over \$10 million. The factory, which employs around 130 people, is exporting to over 40 countries. Romania is also an important R&D and logistics hub for Pfizer.

Dr. Dina argued that, even though access to innovative medicines has been growing recently, the country is still lagging, and it is important to introduce innovative medicines faster. Waiting times

for introduction of new medicines to be reimbursed are still very long. Therefore, Pfizer has helped over 200 patients through a program worth 3 million \$. Updating the list of reimbursed medicines should take place at least 4 times per year, which would also lead to compliance with an EU directive on transparency. There are positive developments, such the budget for reimbursed medicines is growing and that the system is moving from a de facto payback to a real claw-back mechanism, differentiating on the type of medicines. Many countries have no VAT for reimbursed medicines and reducing VAT may be an option to take into account by Romania as well. Policies on medicines need to encourage financial predictability and sustainability, but also research & development. Prevention is also a key topic and it would be useful to know how much money the state really spends on it. Prevention does not imply just medicines, but also physical activity and healthy lifestyles, therefore fiscal incentives promoting these would be positive. Furthermore, more resources are needed to tackle diabetes and other chronic diseases, as statistic showed a high incidence in Romania.

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Alexandru Ciuncan, General Manager of UNSAR, talked about financing the healthcare sector from the perspective of insurance companies. In most EU countries insurance companies play a major role in financing the healthcare systems. While in Slovenia the private health insurance market is worth €500 million, in Romania it is only about €42 million. However, the Romanian market is rapidly growing at a rate of 40% per year, so the potential seems huge. In other countries, insurance companies are more involved in healthcare and even own hospitals. It is important to learn from best practices from countries like Austria and adapt an appropriate framework for Romania. UNSAR is ready for this and has had meetings with relevant stakeholders such as the Ministry of Health, the National Health Insurance House or the Financial Supervisory Authority.

Călin Gălășeanu, President of ARPIM, mentioned the savings of RON 90 million/month made by the state since the introduction of the electronic system in 2015 (the card for health), which raised the efficiency. Due to this development higher amounts could then be reinvested in other areas like the salaries of doctors and medical personnel.

The percentage of health expenditures/GDP is not the most relevant indicator for the healthcare system. In Romania, although the National Insurance House has a budget of RON 36 billion per year, the amount available for medicines has been frozen since 2012, leading to difficulties with the claw-back tax. ARPIM is analyzing various ways in which healthcare funding could be supplemented. For instance, the "vice" tax (on alcohol and tobacco) does not produce the needed effects as 7% is little, compared to other EU member states levels. An option is adding an extra tax on non-healthy foods and drinks, but it would be an unpopular measure while there is an important industry lobby fighting against it.

ARPIM looks at three things of the healthcare system: transparency, predictability and financial sustainability. Romania is facing sustainability challenges because of simple calculation showing that 4.2 million contributors to the health system cannot sustain the other 16 million. If growth slows down in Romania, there will be significant pressures on the system. Therefore, a proper legislative framework for private health insurance is urgently needed. A growing number of Romanians have voluntary subscriptions to private sector providers of health services. However, this does not amount to real private insurance as many of these treatments may be reimbursed. It is important to change the way we look at the health system and introduce patients to private insurance.

Key Take-aways

- Adapting to the future of healthcare means focusing on prevention, innovation and e-health.
- Health is first and foremost an investment: a shift must take place from focusing on costs to focusing on the value created.
- Tapping into private financing for the healthcare sector is a must, in the context of relatively limited public resources. The appropriate legislative framework for this needs to be put in place.
- The system needs should be connected with a sustainable and predictable growth of the health budget; multiannual budgets should be considered.
- Pricing policies for medicines are required to encourage affordable treatments for patients, but also to ensure medicines' availability on the market.
- There is a huge impact of new technologies and AI on the healthcare sector. This poses challenges to public decision-makers in keeping the pace on regulating the sector.
- The commitment of authorities is essential in acknowledging innovation and in setting up a legislative framework supporting innovation.
- AI can help health systems move from cost-based to outcome-based models.
- Vaccination, as a most successful preventive activity, is essential for a sustainable and complete health policy. Availability of vaccines should be considered in public health and procurement decisions.
- Prevention includes many activities such as early health education, healthy lifestyle, early detection of non-communicable diseases and immunization. All these may prevent the use of expensive treatments, keep costs down and extend patients' years of healthy life.