

PROPOSED SOLUTIONS TO ACHIEVING HEALTHCARE SUSTAINABILITY IN LATIN AMERICA

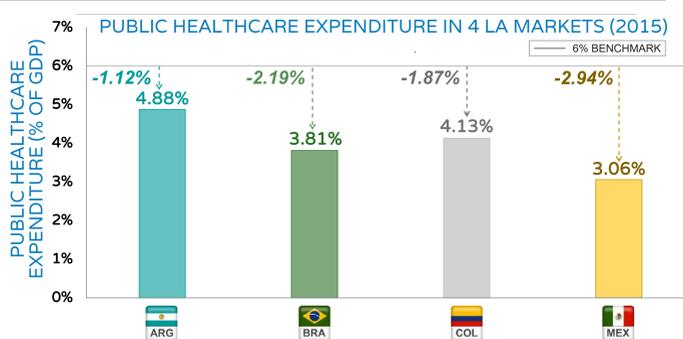
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BACKGROUND & OBJECTIVES

- Attainment of universal health coverage (UHC) has become a priority for Latin America (LA) governments, but increasing coverage unavoidably comes with rising healthcare costs and the challenge of fostering efficiencies.
- LA Ministries of Health (MoHs) have made efforts to manage the rising healthcare costs and attain financial sustainability, but despite these efforts the four largest markets based on 2018 Gross Domestic Product (GDP) in the region – Argentina, Brazil, Colombia and Mexico – remain behind the Organization for Economic Co-Operation and Development (OECD) average in Total Healthcare Expenditure as % of GDP and the Pan American Health Organization (PAHO) / World Health Organization (WHO) Public Health Expenditure as % of GDP target, which are viewed as benchmarks for sustainability (Figure 1).
- Gaps between the PAHO / WHO targets and OECD average, and Argentina, Mexico, Colombia and Brazil levels suggest that the healthcare systems are underfunded, and challenges exist that have to be overcome before the region becomes sustainable. Inadequate financing in light of rising costs of care and inefficient resource allocation are only some of the key hurdles.
- This poster aims to outline LA's key hurdles to healthcare sustainability as well as propose a set of solutions that mutually benefit both LA MoHs and the pharmaceutical industry.

FIGURE 1 - Healthcare Expenditure in 4 LA Markets



METHODOLOGY

- Healthcare sustainability global benchmarks, LA-specific hurdles that challenge the achievement of those targets and global approaches to attain sustainability were identified through a review of 43 articles published by regional and international organizations (e.g., OECD, WHO / PAHO, United Nations, IFPMA, PhRMA, FIFARMA etc.).
- Mutually beneficial solutions to attain sustainability were identified through review of approaches implemented globally, considering feasibility to implement given local healthcare policies and capabilities.

DEFINING HEALTHCARE SUSTAINABILITY HURDLES

- WHO describes a sustainable healthcare system as one that 'ensures equitable access to essential medicines, vaccines and technologies', while 'raising adequate funds for health to ensure people can use needed services, and are protected from financial catastrophe or impoverishment associated to having to pay for them'.
- LA MoHs face common issues that have challenged attainment of healthcare sustainability and led to a situation where healthcare systems cannot provide the services required to meet their population's needs. Healthcare sustainability challenges in LA can be classified in two categories: demand and supply hurdles.

DEMAND HURDLES



UNIVERSAL HEALTH COVERAGE
For the last 20 years LA countries have implemented reforms with the aim of increasing equity and coverage; however, attainment of UHC comes with the hurdle of having to provide care to a higher number of patients.



EVOLVING DEMOGRAPHICS
Population aging is expected to accelerate, leading to a situation where there are less active people to support a growing number of elderly dependents that consume more resources given they are at higher risk of disease and complications.



EPIDEMIOLOGICAL TRANSITION
Non-communicable diseases are expected to replace communicable diseases as the primary cause of morbidity and mortality, likely increasing healthcare demand as they are chronic in nature and often do not have a cure.



RISING COST OF R&D
Today, the cost of developing a medicine can exceed USD 2.6 B compared to USD 179 M in the 1970s; this has contributed to the rise in the cost of innovation as pharmaceutical companies need to recoup their investment.



ECONOMIC TURMOIL & INFLATION
Some LA countries have faced devaluing currencies; in the face of inflation costs of goods tend to increase, but in Argentina and Peru the cost of healthcare is rising at a faster rate than inflation leading to unaffordable prices.

SUPPLY HURDLES



STAGNATING BUDGETS
Healthcare budgets have remained constrained or stagnant: in Mexico and Argentina the 2019 budget increased 0.53% and 29.4% in absolute value, respectively, but given inflation there was a real reduction of 3.2% and 2.2% vs. 2018.



EXPENDITURE AS % OF GDP
Healthcare expenditure as % of GDP remains below international sustainability benchmarks (PAHO / WHO target = 6%; OECD average = 8.9%); expenditure as % of GDP will need to grow at least by 2% to meet the demands of the LA population.



FRAGMENTATION
LA healthcare systems are highly fragmented, with subsystems that operate independently of each other to deliver and finance healthcare, leading to inefficiencies, inequalities and worse clinical outcomes.



WASTEFUL USE OF RESOURCES
Between 10 - 30% of healthcare expenditure could be channeled towards better use; main causes of wasteful resources are: provision of unnecessary interventions, unnecessary hospitalizations and fraud / corruption.



WEAK PREVENTION PROGRAMS
LA healthcare model is based on treatment rather than prevention, with disproportionate emphasis on resolving health issues in the hospital setting (hospital-centrism) and not enough training / focus put on primary care.

APPROACHES TO ATTAIN HEALTHCARE SUSTAINABILITY

FIGURE 2 - Examples of Current Cost-Containment Mechanisms

ACCESS CONTROLS

- Implementation of **pre-authorization committees** for prescriptions of high-cost therapies
- Delivery of high-cost therapies restricted to **tertiary centers in urban areas**
- Use of **primary care physicians as goalkeepers** to access specialists

COST CONTROLS

- Use of **reference pricing** as a tool to cap the cost of innovative therapies
- Implementation of **competitive procurement** mechanisms (e.g., tenders and joint purchases) to drive down costs
- Use of **HTA frameworks** that have over-emphasized cost-effectiveness and ICER

CURRENT COST-CONTAINMENT TOOLS

- With the objective to balance increasing demand for innovation with reduced budgets, MoHs and policy makers in LA have explored different cost-containment tools. These tools can be divided into mechanisms aimed at controlling access and mechanisms aimed at reducing cost of healthcare services / medicines (Figure 2).
- Overall, existing cost-containment tools have a negative impact on both patients and the pharmaceutical industry and are not sustainable in the long-run. Additionally, existing tools have focused on reducing the cost of pharmaceuticals, leaving other avoidable healthcare costs (e.g., clinical care waste, operational waste, government waste and missed prevention opportunities) unaddressed.

ALTERNATIVE APPROACHES TO HEALTHCARE SUSTAINABILITY

- Alternative mutually beneficial mechanisms to attain healthcare sustainability could be explored by LA MoHs and the pharmaceutical industry to address the identified supply and demand hurdles and provide access to innovative therapies.
- Proposed solutions have been divided between short-term solutions that can be executed within 12 - 18 months and longer-term solutions.



SHORT-TERM SOLUTIONS

MANAGED ENTRY AGREEMENTS

When a decisive 'yes' or 'no' conclusion on pricing and funding cannot be made due to uncertainties about a medicine's clinical evidence or financial impact, managed entry agreements (MEA) can be established between the pharmaceutical industry and healthcare providers to provide access to the medicine by sharing the cost of uncertainty.



MULTI-STAKEHOLDER COALITIONS

Multi-stakeholder coalitions can serve as a platform to discuss healthcare challenges and co-create healthcare solutions to achieve defined common goals. Successful global (Access Accelerated and FIND) and regional ('Instituto Coalizão Saúde', Brazil) examples of multi-stakeholder partnerships exist and can serve as a reference for the development of additional coalitions in LA.



EVIDENCE GENERATION

Promoting local R&D and evidence generation could bring several benefits to LA healthcare systems: (1) local clinical trials could provide confirmation of medicine's effectiveness in the local setting; (2) local evidence generation could be coupled with the creation of centralized registries to collect long-term outcomes data, which could help track health outcomes and serve as a data source for local economic models.

VALUE ADDED SERVICES

The pharmaceutical industry should move 'beyond the pill' and become a healthcare solution provider that collaborates with LA MoHs to design and offer programs aimed at improving healthcare sustainability. VAS could include: primary care training programs, back office administrative support to expedite auditing of prescriptions and minimize delays, infrastructure development support and protocol / guideline development.



MULTI-CRITERIA DECISION ANALYSIS

MCDA is emerging as a new decision-tool that can be incorporated to HTA to better reflect the complexity of the local reality by taking into consideration the different institutional contexts while fostering a comprehensive, consistent, transparent and flexible approach. MCDA is a relatively new concept, but it has been successfully used to inform healthcare decisions world wide (e.g., United Kingdom, Sweden, Denmark, etc.) and in LA region.



INTEGRATED HEALTHCARE MODEL

Investment in integrated healthcare systems that focus on prevention and early diagnosis is key to move towards sustainability in the LA region. Benefits of integrated systems include: (1) coordinated patient care through electronic health records, (2) reduction in the duplication of services, (3) reduced administrative burden associated with fragmentation, and (4) higher quality epidemiological data through centralized databases.

CONCLUSION

- Across LA, demand for health services has outpaced supply. Countries in the region lack the adequate clinical and technological resources and infrastructure to address this increased demand.
- To date, LA MoHs have responded to the increasing demand by implementing access and cost controls. However, these tools fall short in recognizing the full value of innovation and could be a deterrent for innovation in the region which could lead to negative economic, humanistic and clinical outcomes. Instead, the region needs to move to a value-based system that is patient-centric and prioritizes long-term sustainability of the healthcare system over short-term cost-cutting. These value-based systems should look at patient care in a holistic way, integrating health promotion, outpatient and inpatient care. This shift in paradigm from hospital-centrism and disease-centrism to patient-centrism has the potential to reduce waste, improve population outcomes and patient quality of life.
- Mutually beneficial solutions that LA MoHs and the pharmaceutical industry can explore together to allow for productive movement towards sustainable value-based healthcare systems in LA include: managed entry agreements, value added services, multi-stakeholder coalitions, multi-criteria decision analysis, evidence generation and integrated health models.

