



FIFARMA

COLLABORATIVE APPROACHES TO ATTAIN HEALTHCARE SUSTAINABILITY IN LATIN AMERICA

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LA-specific hurdles to healthcare sustainability and mutually beneficial, collaborative solutions were identified through a pragmatic literature review.



OBJECTIVES

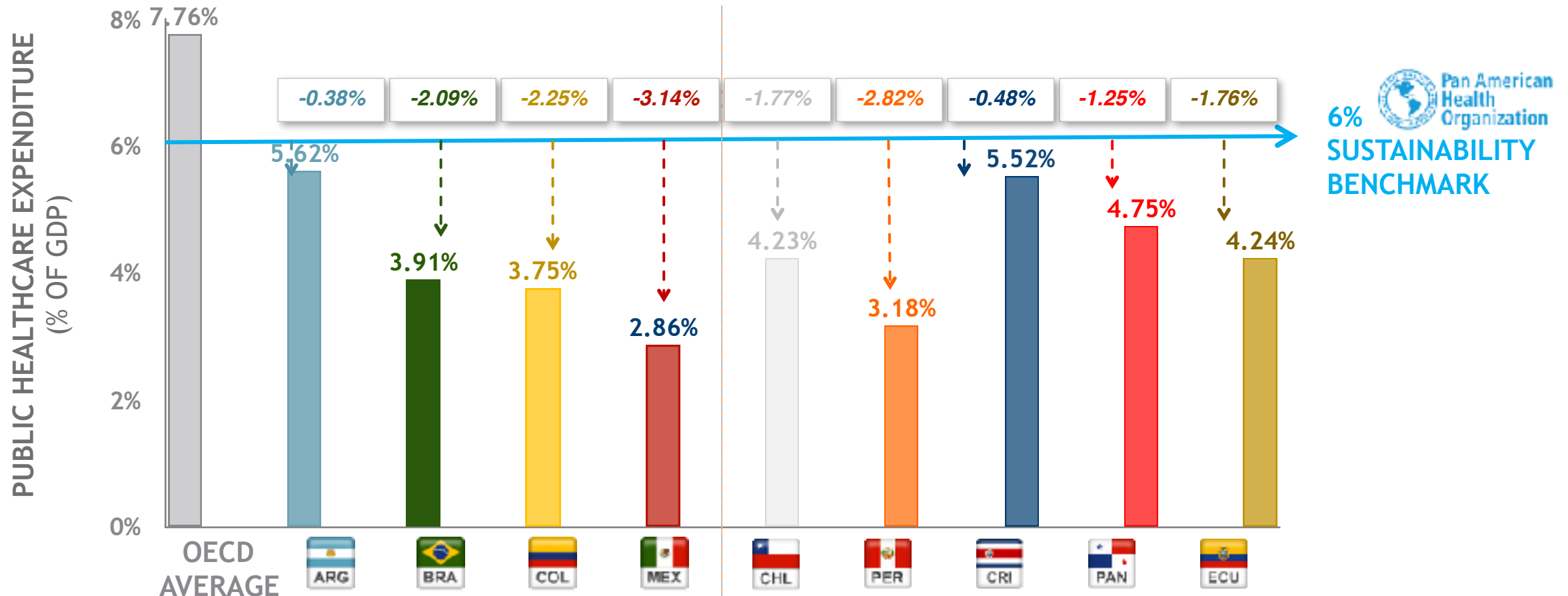
Identify key hurdles to achieving healthcare sustainability in LA and propose actionable solutions to attain sustainability that mutually benefit the healthcare systems and industry

METHODOLOGY

Pragmatic literature review of 46 articles published by regional and international organizations (e.g., UN, WHO / PAHO, WBG, IDB, OECD, IFPMA, PhRMA, FIFARMA, etc.).

Despite efforts to attain financial sustainability, LA, including the four largest markets in the region based on 2016 GDP, remain behind the PAHO public health expenditure as % GDP target.

PUBLIC HEALTHCARE EXPENDITURE IN LA MARKETS (2016)



LA: Latin America; GDP: Gross Domestic Product; PAHO: Pan American Health Organization; OECD: Organization for Economic Co-Operation and Development
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Health care sustainability challenges in LA can be classified in three categories: economic inefficiencies, demand hurdles and supply hurdles.

LA policy makers face common issues that have challenged attainment of healthcare sustainability. (1 of 3)

ECONOMIC INEFFICIENCIES

- LOW HEALTHCARE EXPENDITURE AS % OF GDP**
Healthcare expenditure as % of GDP remains below international sustainability benchmarks and will need to grow at least by 1%
- HEALTH SYSTEM LEAKAGES**
WASTE, OTHER PROGRAM ISSUES
Between 10 - 30% of healthcare expenditure is not used efficiently and could be expanded towards better use
- HIGH PATIENT OOP-COST**
With limited public coverage of high-cost treatments, patients are left to pay high out-of-pocket costs or forgo treatment
- DECISION-MAKING IS NOT DATA EFFICIENT**
Need to improve digital health capabilities (infrastructure, education, training) to generate local data that can drive data-driven decision-making

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LA policy makers face common issues that have challenged attainment of healthcare sustainability. (2 of 3)

DEMAND HURDLES

- UNIVERSAL HEALTHCARE COVERAGE**
Attainment of UHC lags with the needs of having to provide care to a higher number of patients
- POPULATION DEMOGRAPHICS**
Population aging has resulted in a growing number of elderly dependents at higher risk of disease and complications
- EPIDEMIOLOGICAL TRANSITION & EMERGING DISEASES**
New communicable diseases are expected to become a recurrent cause of morbidity and mortality
- CONSTITUTIONAL MANDATES**
Practices of patients' transition to constitutional mandates to access non-funded treatments

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LA policy makers face common issues that have challenged attainment of healthcare sustainability. (3 of 3)

SUPPLY HURDLES

- WIDE OR INEFFICIENT**
Rapid pace of innovation poses pressure on healthcare system to provide timely access to new technologies
- SUPPLY FRAGMENTATION**
LA healthcare systems are highly fragmented, leading to inefficiencies, inequalities, and overall elevated costs
- UNDERFUNDED SYSTEMS**
Current healthcare systems are not adequately funded to pay for necessary personnel, equipment, systems, treatments, digital health (infrastructure, software, analytics)
- WEAK PREVENTION PROGRAMS**
Healthcare models focused on treatment rather than prevention, with inadequate health insurance and low emphasis on primary care

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Given the rapid increase in population, continuous increase in healthcare demand and economic inefficiencies, the LA region faces a situation where healthcare systems cannot provide the services required by law to meet the needs of the population being covered

LA policy makers face common issues that have challenged attainment of healthcare sustainability. (1 of 3)

ECONOMIC INEFFICIENCIES



LOW HEALTHCARE EXPENDITURE AS % OF GDP

Healthcare expenditure as % of GDP remains **below** international sustainability benchmarks and will need to **grow** at least by **2%**



HEALTH SYSTEM LEAKAGES: WASTE, CORRUPTION & FRAUD

Between **10 - 30%** of healthcare expenditure is **not used efficiently** and could be channeled towards **better use**



HIGH PATIENT OOP COST

With **limited public coverage of high-cost treatments**, patients are left to pay high out-of-pocket costs or forego treatment



DECISION-MAKING IS NOT DATA DRIVEN

Need to improve **digital health capabilities** (infrastructure, collection, analysis) to generate local data that can drive data driven decision-making

LA policy makers face common issues that have challenged attainment of healthcare sustainability. (2 of 3)

DEMAND HURDLES



UNIVERSAL HEALTHCARE COVERAGE

Attainment of **UHC** comes with the hurdle of having to provide care to a **higher number of patients**



EPIDEMIOLOGICAL TRANSITION & EMERGING DISEASES

Non-communicable diseases are expected to become the **primary cause** of morbidity and mortality



POPULATION DEMOGRAPHICS

Population aging has resulted in a growing number of **elderly dependents** at **higher risk** of disease and complications



CONSTITUTIONAL MANDATES

Physicians / patients may resort to **constitutional mandates** to access non-funded therapies

LA policy makers face common issues that have challenged attainment of healthcare sustainability. (3 of 3)

SUPPLY HURDLES



PACE OF INNOVATION

Rapid pace of innovation poses pressure on healthcare system to provide timely access to new technologies



SUPPLY FRAGMENTATION

LA healthcare systems are highly fragmented, leading to inefficiencies, inequalities, and worse clinical outcomes



UNDERFUNDED SYSTEMS

Current healthcare systems are not adequately funded to pay for necessary physicians, diagnosis systems, treatments, digital health (infrastructure, collection, analysis)



WEAK PREVENTION PROGRAMS

Healthcare model is based on treatment rather than prevention, with disproportionate hospital-centrism and not enough focus on primary care

With the objective of balancing increasing demand for innovation with reduced budgets, policy makers in LA have explored different cost-containment tools.

CURRENT COST-CONTAINMENT TOOLS

ACCESS CONTROLS



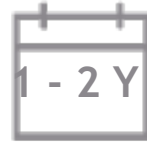
- Implementation of **pre-authorization committees** for prescriptions of high-cost therapies
- Delivery of high-cost therapies restricted to **tertiary centers in urban areas**
- Use of **primary care physicians as gatekeepers** to access specialists

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

*Existing cost-containment mechanisms are **not sustainable** because they have focused on reducing the cost of pharmaceuticals, leaving other avoidable healthcare costs unaddressed*

Alternative, collaborative mechanisms to attain healthcare sustainability could be explored to address the identified hurdles and provide access to innovative therapies. (1 of 3)



SHORT-TERM SOLUTIONS



TAX EXEMPTION FOR PHARMACEUTICAL PRODUCTS

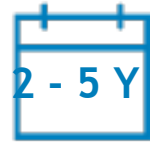
LA countries should consider **reducing / exempting medicines from taxation** (provided it has a direct effect on reducing the cost to the patient / purchaser) as this can **decrease inequity in access to medicines** among the poor



CONTROL OF PHARMACY / WHOLESALER MARGINS

LA countries should **regulate distribution chain mark-ups and retail-chain mark-up and fees** to **stop excessive charges** being added to medicines as they move through the supply chain

Alternative, collaborative mechanisms to attain healthcare sustainability could be explored to address the identified hurdles and provide access to innovative therapies. (2 of 3)



MID-TERM SOLUTIONS

VALUE-BASED PROCUREMENT



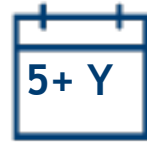
Value-based procurement moves away from short-term **cost-savings** and focuses on **health system performance, total cost of care, patient outcomes** and working with suppliers to identify opportunities for innovative services

NOVEL PRICING AND PAYMENT MODELS



Novel **pricing and payment models** can incorporate a range of different approaches to **facilitate broad and timely patient access** whilst balancing sustainability - and could represent an alternative to existing systems based on arbitrary rebates, simple price-volume agreements and budget caps

Alternative, collaborative mechanisms to attain healthcare sustainability could be explored to address the identified hurdles and provide access to innovative therapies. (3 of 3)



LONG-TERM SOLUTIONS

SOCIAL & HEALTH IMPACT BONDS (SIBs)



Through SIBs, the government can pay back investors of **health promotion programs that meet predetermined outcomes**, and investors gain back their original investment plus a fraction of the savings made by the program

VALUE-BASED HEALTHCARE



By **assessing the entire cost of patient care**, value-based healthcare **rewards physicians and hospitals based on costs, quality and outcomes** through an expansion of precision medicine, transformation in healthcare delivery models and digitalization of healthcare

Current cost-containment tools are not sustainable in the long-run, highlighting the need to explore mutually beneficial solutions to attain healthcare sustainability.



DEMAND FOR HEALTHCARE SERVICES HAS OUTPACED SUPPLY

Countries in the LA region lack the adequate **clinical and technological resources** and **infrastructure** to address the increased demand for healthcare services



ACCESS & COST CONTROLS ARE NOT SUSTAINABLE LONG-TERM

Access and cost controls **fall short** in recognizing the **full value of therapies** and could be a **deterrent for innovation** in the region which could lead to **negative economic, humanistic and clinical outcomes**



WIN-WIN SOLUTIONS ARE NEEDED TO ATTAIN SUSTAINABILITY

Mutually beneficial solutions that allow for **productive movement** towards sustainable **value-based healthcare systems** should be explored