

Technology Convergence, Integrated Health to Drive Transformation of the Pharmaceutical Sector

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Singapore: The Asia Pacific healthcare market continued to present a mixed bag of development in 2016 with uneven progress across the countries. Despite the roll-out of universal healthcare coverage in countries such as Indonesia, segments of the population with limited access to healthcare continue to remain at high risk of contracting preventable diseases. While the rate of TB continued its decline in most countries, it remained high in Indonesia and Cambodia. New HIV infections

increased in Indonesia and the Philippines, but declined in Malaysia and Thailand as a result of long term education, prevention and treatment programmes. Mortality rates attributed to cardiovascular disease, cancer, diabetes or chronic respiratory conditions have fallen significantly in countries like Korea and Singapore, but continued to rise in developing Asia Pacific countries. Government spending on healthcare as a percentage of GDP has increased in two out of three APAC countries since 2000, but for many Asia Pacific countries remains below five percent.

The global pharmaceutical industry is one of the most important markets in healthcare with global sales reaching approximately one trillion US dollars. With the current healthcare and economy conditions, the needs and focus of patients, care providers, pharma companies, and regulatory authorities are evolving. Disease burden of chronic diseases such as cancer, diabetes, and cardiovascular diseases in Asia Pacific not just had an impact on the uptake of pharmaceutical products, but also increased the economic burden on healthcare systems in terms of overall delivery of healthcare services. Governments are pushing the agenda for affordability of medical care, seeking out cost-effective medications and advocating the use of generics and biosimilars. However, these measures alone will not be sufficient in the medium to long term to manage rising healthcare costs, as the larger cost efficiencies that need to be realised remain within the system in terms of efficiency of healthcare delivery, early diagnosis and compliance and out of hospital care among others.

Predictions for 2017

Biopharma penetration: Biopharmaceuticals is one of the most important segments of the pharmaceutical industry globally with almost all the major pharma companies entering into this field and high uptake in the US and Europe. Biopharmaceuticals have provided solutions for some of the most complex diseases such as cancer, offering high efficacy and few side effects, and the need is high in Asia. For example, in China the new cancer cases were 4.3 million and >2.8 million deaths occurred due to Cancer in 2015. Similarly, in India, almost 1.0 million cases are diagnosed every year. According to WHO, 10% of adults in China suffer from Diabetes-back in 80s this was less than 5%. For these diseases, biopharmaceuticals can provide successful treatments. In Asia, the uptake of biopharmaceuticals has been relatively lower in comparison mainly due to affordability issues of biologics. In 2017, increasing approvals of biosimilars in Asia are expected and this availability combined with global usage experience is expected to drive uptake of bio-based pharmaceuticals in areas such as diabetes and cancer. However, it will most likely continue to only be used in 3rd line of therapy, while 1st line will continue to be traditional proven treatments (e.g. methotrexate for rheumatoid arthritis or metformin for diabetes).

Patient centricity: Rising demand for healthcare along with the steep prices of the prescription drugs has raised economic concerns. Balancing the affordability and accessibility to the patients is imperative. Also, ensuring patient engagement and medication adherence is important for better healthcare outcomes. This has been a recognised but not well actioned issue in Asia due to the traditional dr-patient relationship and information channel flow. Despite an increasing demand for connectivity and information, digital revolution in the pharmaceutical industry has seen more a toe in the water approach in Asia due to difficulty in measuring ROI. Digitization helps in better physician-patient engagement, and it uses advanced analytics to increase both pipeline and commercial value. The challenge in Asia Pacific is both healthcare providers and patients still seek a high level of face to face interaction; hence these will remain as pilots with high need and 'ready' populations in most cases with widespread use further down the track. The implementation of digital pharma, combined with clinical wearables, data analytics and patient engagement will be seen in more patient group pilots in Asia Pacific in 2017.

Diagnostics and Integrated Health: Diagnostics and integrated health are some of the keys to the delivery of efficient healthcare, preventive care and precision medicine. Genetic markers/biomarkers have high prognostic power of clinical efficacy. Payers have been slow to invest in diagnostics tests, and in many countries in Asia, it remains out of pocket, limiting early diagnosis as well as in cases, appropriate treatment. With the increasing availability and affordability of diagnostic tests, early diagnosis and treatment, as well as preventive care will move higher up the agenda. The ability to integrate these into coordinated treatment plans is an opportunity for value based healthcare.

Pushing boundaries

As consumers in Asia will potentially face higher out of pocket healthcare costs, they will need to start to take a more proactive role in all aspects of their healthcare, including the selection of health plans, providers, and treatment options. This is related to the concept of "accountability," which is growing and extending across the healthcare ecosystem, including to patients, who increasingly need to do more and pay more to ensure more positive health outcomes as Government's struggle with healthcare funding.

This dynamic is transforming the traditional way of doing business and requires pharmaceutical manufacturers and providers to rethink their existing business models. As the complexity of the diseases and the financial burden increase, there is a need to move treatment from silos to an integrated approach of the care continuum. The integrated approach aims to provide an end-to-end solution not just for patients but also for providers in improving their efficiency, infrastructure and treatment

efficacy. The main goal needs to be to deliver value, optimize outcomes and cost of care delivery, through long-term partnerships.