

Belgium - Life Sciences  
Vol. 2 – Issue 1 – September 2010

# Life Sciences Insights



## In this issue:

### **[A picture is worth a thousand words: \*the interactive example on the Belgian hospital landscape\*](#)**

At Deloitte, we have extensive know-how in making complex ideas and data more accessible and simple. To demonstrate this capacity, we have decided to build for this month's Life Sciences and Health Care Newsletter an interactive map on the Belgian hospital landscape.

[More](#)

### **[German healthcare policy reform: what next?](#)**

This summer, the German government presented a draft bill to reorganize the regulatory framework for pharmaceuticals and to cut growing expenditure on drugs. The role of the Institute for Quality and Efficiency in Health Care will be strengthened to cover the benefit assessment of new drugs.

[More](#)

### **[Social networks in healthcare](#)**

New technologies such as social computing have brought new opportunities for interaction to gather information, to communicate, or to collaborate with patients and care providers. Several examples of social computing in Life Sciences have already emerged.

[More](#)

### **[Did you know?](#)**

[More](#)

## **A picture is worth a thousand words: *the interactive example on the Belgian hospital landscape***

To be able to articulate complex ideas or data into a single and simple visual representation is a welcomed skill in professional life.

Since it breaks down a complex system into more sizeable elements, a visual representation is key to prompt discussion or debate and to facilitate decision-making.

All the more so, when it is an interactive screenshot!

At Deloitte, we have extensive know-how in making complex ideas and data more accessible and simple. To demonstrate this capacity, we have decided to build for this month's Life Sciences and Health Care Newsletter **an interactive map on the Belgian hospital landscape**.

### **Access the interactive map**

Overall, there are 209 hospitals in Belgium, which may either be: general, university, with university characteristics\*, psychiatric, or specialized hospitals. Since the Belgian population is not uniformly spread out across the three geographic regions (Flanders, Wallonia and Brussels-Capital), the same pattern can be observed in the geographic distribution of hospitals and in the number of hospital beds.

The interactive map we have built for this Newsletter shows the various geographic levels (region, province), hospital types and number of beds into a single visual document – embedded in a PDF file and indirectly linked to an Excel database. Plenty of information is therefore available to you in a few clicks! We hope you will enjoy the demonstration of this tool, which we believe is a powerful managerial tool.

Besides this simple illustration, this tool may be also be used to make complex cost-effectiveness models simple (for example, for use to the market access or sales departments of a pharmaceutical company to demonstrate the value of a new drug to physicians, with built-in interactive sensitivity analysis “play buttons”) or to summarise financial or budget data and help decision-making on corporate strategy and forecasts.

A simulation exercise using sensitivity analysis will be included in a forthcoming issue of this Newsletter.

We are at your disposal to answer any question you may have

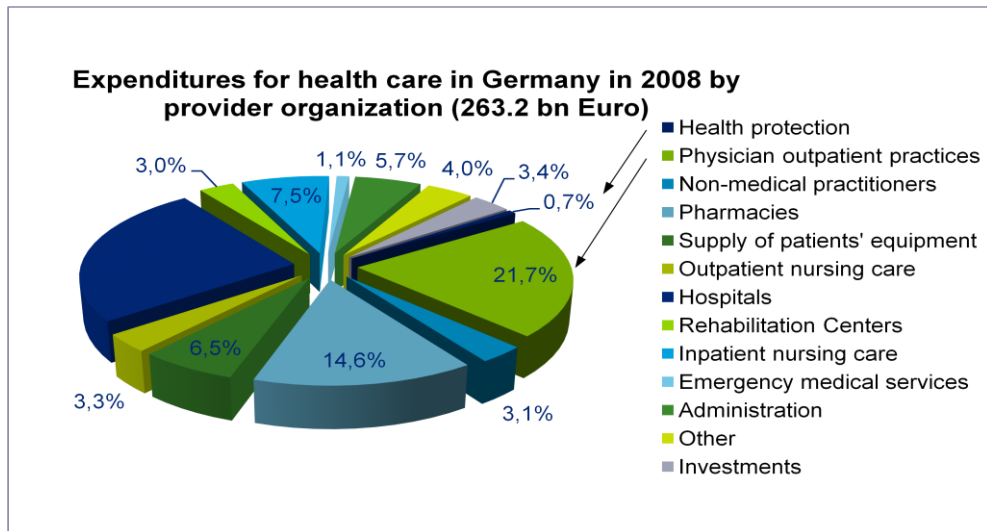
*\* mentioned as “Uni\_charact” on the interactive map*

[back to top](#)

## **The German healthcare reform: what next?**

Germany is the largest European healthcare market with an overall expenditure level of over 263 billion Euro in 2008. Pharmaceuticals contributed about 30 billion Euro to the healthcare expenses in the same year and have demonstrated an increase of over 5% p.a. in the past.

The German statutory health insurance system (later “SHI”) – which insures approximately 90% of the population – covers about 170 billion Euro of all health-related expenditures.



In 2009, because of the pressure of the financial crisis, the German government reduced temporarily the universal premium to the SHI from 15.5% to 14.6% of an individual's gross pay. This budgetary relief was meant to give a higher level of disposable income to German citizens and to stimulate private demand. However, because of the constantly rising healthcare costs, most of the ca. 160 statutory health insurance funds are currently facing financial distress. Due to the flagging economy the German government has already foreseen a massive funding shortage of 11 billion Euro for the central statutory health care fund in 2011.

Since the federal elections of 2009 the German Federal Ministry for Health is headed by Dr. Rösler – a physician by education. It is the first time in recent history that the liberal party has taken over the responsibility for healthcare in Germany.

Since that date and more particularly since June this year where a number of reform proposals were issued by the coalition government, a highly sensitive political debate has been taking place in Germany on the overall reform of the German healthcare system.

**The reform bill basically covers three main aspects to stabilize financial funds and to introduce additional cost savings:**

- 1) The first feature of the reform is an increase of the contribution rate for German citizens to finance the SHI system. This aspect covers two components, namely: an increase of the general contribution rate for German employees back to 15.5%, and a right for insurance funds to individually request supplementary contribution rates from their members. In order to ensure sufficient provision of funds to the public system without overcharging individuals with a low income, this SHI-individual surcharge will be compared to the average surcharge required from the health fund's financial perspective. Subsequently the surcharge is capped and cannot exceed 2% of an individual's personal income.
- 2) The second aspect of the reform aims to decrease future growth of overall health care expenditures. It imposes cost savings upon major players in the system, namely physicians, payer organizations and the pharmaceutical industry, in particular.

Germany has typically served as a reference market with high price levels for pricing pharmaceuticals in other European countries. Similarly to the UK, with the new bill, the German market will move towards a "value-based" pricing model, in particular for new innovative pharmaceuticals.

Today, Germany is one of the few EU countries where pharmaceutical companies are largely free to set their own prices for drugs. This has led to exceptionally high prices for innovative treatment therapies; e.g. for cancer, reimbursement levels may be as high as € 80,000 per patient per year.

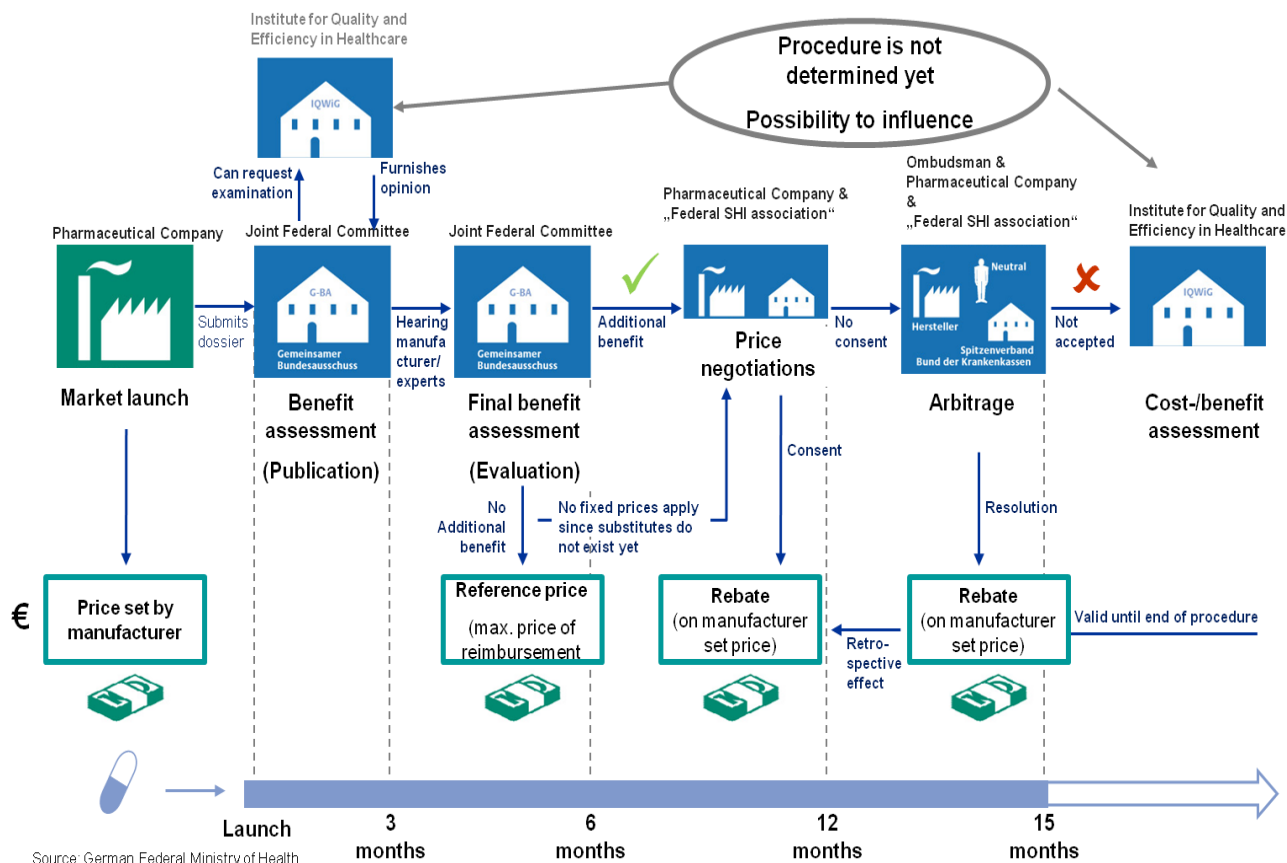
The new healthcare reform now intends to involve the German IQWiG (Institute for quality and economics in healthcare) in the pricing process for pharmaceutical innovation.

According to the legislative proposal, in future, a pharmaceutical company will only be authorized to define the price level of a new pharmaceutical for a time period of one year after admission on the reimbursement list. During the course of this timeframe the bill requests the pharmaceutical company to produce a scientific dossier demonstrating the therapeutic benefit and especially its added benefit compared to treatment alternatives. The IQWiG will be responsible for validating scientifically such evidence based on clinical studies. If the evidence provided is approved by IQWiG the product will be introduced into the reimbursement catalogue obligatory for SHI coverage. The IQWiG will also feed into the decision of the

'Joint Federal Committee' on whether or not the new pharmaceutical product can be medically substituted by already existing products or whether its market position represents a true product innovation.

In the first case, price levels of substitutes provide an orientation for defining reimbursement levels for the new product. In the second case negotiations between the 'Federal SHI association' (in German: "GKV Spitzenverband Bund") and the pharmaceutical company decide upon the future reimbursement level relevant for the second year after market entry.

The picture below provides an overview of the new process to be applied innovative pharmaceuticals in the German market:



- 3) Finally, the bill covers another highly interesting innovation for the German healthcare system: according to the ministry of health, the price level as a result of negotiations between the pharmaceutical company and the 'Federal SHI association' for a newly patented original also applies to members of the private health insurance system, which covers about 10% of the German population. To date the private health insurance system always applied higher prices compared to the SHI system.

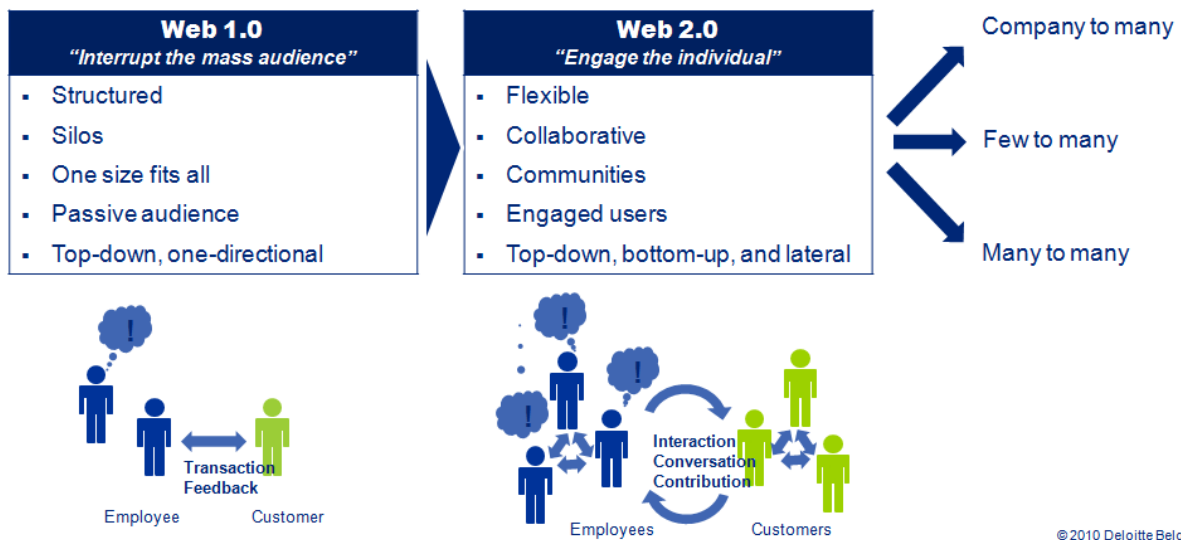
Time will ultimately show whether the concepts laid out in the healthcare reform will pass the legislative process and will receive approval both by the German legislative Chambers. Entry into force of the reform is foreseen on January 2011 (TBC).

[back to top](#)

## Social networks in healthcare

A dynamic life sciences landscape requires an evolving interaction model with care providers and patients. With pressures on margins and a limit in a company's ability to sustain current GP and SP reach and frequency rates, Life Sciences companies have already reduced their sales forces and are under continued pressure to "do more with less".

New technologies such as social computing have brought new opportunities for interaction.



These new technologies such as podcasting, mobile marketing, peer ratings and communities can be leveraged to gather information, communicate, and/or collaborate with patients and care providers in a more cost efficient and more extensive way.

Several top pharmaceutical companies, biotechnology firms and medical device manufacturers have some social network presence; some are partnering with third-party social networks such as PatientsLikeMe and Sermo to communicate and collaborate with external stakeholders:

- Novartis recruited patients from PatientsLikeMe for its FTY720 multiple sclerosis trials
- WebMD offers a social networking platform for both consumer- and physician/expert-moderated health conversations
- Inspire.com offers patients 24/7 access to peer communities
- radRounds offers radiology professionals a community to collaborate and share cases and receive opinions
- Sermo and Ozmosis offer physicians the opportunity to submit cases for community discussion; they fund their sites with manufacturer sponsorships and advertisements.

Social networks are likely to have a significant impact on the future of health care. Already, these networks are enabling patients to communicate with each other to better manage their treatment and physicians to communicate with each other to practice medicine better. Although their current uses are somewhat limited, industry observers envision a future where social networks are an integral part of the health care landscape.

[Read more](#)

[back to top](#)

## Did you know?

The Financial Times, in association with Deloitte, is organizing the **27<sup>th</sup> FT Global Pharmaceutical and Biotechnology Conference** in London on 1-2 December 2010. [Link](#) to the conference.

The World Alzheimer report, published mid-September, confirmed the growing burden of dementia worldwide. According to the report, the total estimated worldwide costs of dementia are USD 604 billion in 2010.

[back to top](#)

Interested in learning more?

[Please contact us.](#)

*If you don't wish to receive the newsletter, please [let us know](#).*

## Security | Legal | Privacy

Berkenlaan 8b  
1831 Diegem

Copyright © 2008 Deloitte Consulting. Member of Deloitte Touche Tohmatsu.

### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

To unsubscribe, reply to this message and add "Unsubscribe" in the subject line.