SEFC 2013 CLOSING LECTURE

004

DRUG DEVELOPMENT AND HEALTH CARE INNOVATION IN THE EUROPEAN MEZZOGIORNO

Ortún V., Meneu R.

Universidad Pompeu Fabra

The short, medium and long-term impact of the economic crisis on the European Mezzogiorno is changing the relative Importance of the health determinants: Education, income and income inequalities make clearer a role that had been overshadowed by medical advances.

Innovation, defined as the creation of a good or service of commercial value and, in the absence of market, appreciated by people, takes place in health services through the drug development but also with other products, processes and by means of the organizational change (Meneu et al, 2005).

The decline in productivity of pharmaceutical R & D, as shown by the number of new drugs approved by the FDA, has been reducing by half, approximately every nine years since 1950 (Scannell, 2012). Has also fallen at the same rate the productivity of non-pharmaceutical R & D? (e.g. primary care orientation of health systems or organizations like Kaiser, scale and learning economies at the Aravind Eye Care System or at Narayana Hrudayalaya in Bangalore, etc.)

The overall costs of R & D-elevated and sunken-are recovered in a global market. The reconciliation between static efficiency (minimizing the loss of the sum of producer and consumer surplus) and dynamic efficiency (maintain adequate and risk-adjusted benefits without unnecessary excessive investment in R & D) involves reconciling health policy and industrial policy, both clearly sealed in Southern Europe (Ortún, 2004).

Rewarding innovation in terms of their greater relative therapeutic benefit, compared with available alternatives (in line with Australia, Canada and the UK) would be the way forward to consolidate the Welfare State in Southern Europe. A value-based differential pricing (rather than marketing-based medicine) aligns financial incentives with improving health outcomes (Gagnon, 2012). Nowadays, however, the therapeutic value or degree of innovation does not appear to be a key factor in determining the entry price of new drugs, at least in Spain for the period 1997–2005 (Puig and BG López Valcárcel, 2012).

The presentation focuses on the barriers and facilitators to the use of independent assessment of technologies required for value based pricing. Some barriers are institutional and depend on the quality of governance of a country, its transparency, regulatory quality and government effectiveness. Other, seemingly more technical are identified with the intrinsic logic of economic evaluation for identifying and assessing all costs and benefits. It is in the ability of economic evaluation to operate with imperfect information that many of its advantages reside…together with the potential for interested manipulation (Catalá-López et al, 2013).

Finally, despite the potential usefulness of price related policy tools (such as reference based pricing and value based pricing) it shall never be forgotten than the quality chasms behind clinical unwarranted variations in health care, overdiagnosis and overprescriptions are related with ‘quantities’. The late Henry Gadsden’s dream - Merck would be able to ‘sell to everyone’ (W. Robertson, Fortune, March 1976) - has become a real nightmare. Managed care has to deal with utilization (quantities), beyond price.