

## EU 2020 strategy

### MSD Europe, Inc. response to the public consultation.

We welcome the intention of the EU 2020 strategy based on the vision set out by President Barroso, particularly the entry into a new sustainable social market economy, a smarter, greener economy where our prosperity will result from innovation and from using resources better, and where knowledge will be the key input.

We agree with the focus of the EU 2020 on the three indicated areas, creating value by basing growth on knowledge, empowering people in inclusive societies, and creating a competitive, connected and greener economy. At the same time, we believe, the analysis outlined in the strategy paper misses certain elements that will be key for the long-term future of the European Union, in particular the impact of health for growth, the importance of health literate citizens, and the need for fostering innovation in health.

### Healthy ageing is a precondition for wealth

The strategy EU 2020 recognizes demographic change as a challenge (p. 3) but stops short of discussing its close relation to health which deserves much greater attention.<sup>1</sup> As growth is driven ever less by natural resources and ever more by human resources, human capital becomes the most important factor for sustainable growth. Demographic projections show the challenge Europe will be facing compared to the United States in more detail: While the median age of Europe's population in 2005 was towards forty, the median age in the United States was about thirty-six; in 2030 the former is projected to be forty-seven, the latter thirty-nine. These differences will impact considerably the working-age manpower.

The issues Europe faces as a result of its ageing society require much more decisive strategy towards healthy ageing in Europe. Eberstadt and Groth noticed in their study on Europe's demographic challenges about health: "It [healthy aging] not only contributes directly to economic potential through improved physical capabilities, but it facilitates the processes of learning and skill retention that bear such high returns in the information age. All around the world today, health equals wealth."<sup>2</sup> This relation is also underlined in the Commission's White Paper on health where fostering good health in an ageing Europe is mentioned as one of the objectives.<sup>3</sup> Furthermore, as this relation is not unidirectional – both require each other – health has to be acknowledged as an important precondition for long-term wealth in the European Union.

- In our view, health should be given a much greater importance in the EU 2020 strategy.

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<sup>1</sup> Cf. Eberstadt, Nicholas; Groth, Hans (2007), Europe's Coming Demographic Challenge. Unlocking the Value of Health, AIE Press, Washington, p. 3: "If Europeans hope to remain economically competitive in the years ahead – or, perhaps more importantly, if they wish to enjoy continuing improvements in living standards and economic well-being – they must face these new demographic realities squarely, capitalizing upon thus-far ignored opportunities where they can, compensating for adverse population changes where they must."

<sup>2</sup> Eberstadt, Nicholas; Groth, Hans (2007), Europe's Coming Demographic Challenge. Unlocking the Value of Health, AIE Press, Washington, p. 20

<sup>3</sup> DG SANCO (2007), White Paper. Together for Health: A Strategic Approach for the EU 2008-2013, [http://ec.europa.eu/health-eu/doc/whitepaper\\_en.pdf](http://ec.europa.eu/health-eu/doc/whitepaper_en.pdf) (08.01.10), p. 7

### **Europe has to continue its investment in health**

In fact, the European Union has a certain competitive advantage in health compared with many other regions: Average life expectancy in Europe is in every area higher than in the United States. As to health-adjusted life expectancy (HALE), for the year 2002, of all the Western European countries, only Portugal is said to have a lower HALE than the United States. Overall, the populations of the EU-15 are estimated to enjoy significantly more years of “healthy life” than American citizens – indeed, an average of over two years more.<sup>4</sup>

Nevertheless, an ageing society is more vulnerable to chronic diseases. The European Union is not uniform in this regard and there are many gaps between EU countries as the recent Communication on Solidarity in Health has highlighted.<sup>5</sup>

Several reports indicate investment in health correlates with wealth. The recent OECD Health concluded that higher health spending per capita is generally associated with higher life expectancy.<sup>6</sup> Sure enough, this often depends also on the efficiency of healthcare systems, and this link tends to be less pronounced in countries with higher spending. It is fair to conclude that continuous investment in, and creating access to, newer healthcare resources can contribute a lot to reduce inequalities and to strengthen the working-age manpower. A recent study by Lichtenberg has shown that the disability rate in the US would have been 30 percent larger if no newer drugs would have been available – with economic consequences: "About 418,000 more working-age Americans would have been DI [Social Security Disability Insurance] recipients in 2004 and that Social Security benefits paid to disabled workers in 2004 would have been about \$4.5 billion higher."<sup>7</sup>

- Not only health, but particularly investment in health and improvement in access to health to reduce the burden of illness should receive a higher priority in the EU 2020 strategy.

### **Empower people through health literacy**

We agree that empowering people in inclusive societies has to be a priority for EU 2020. The acquisition of new skills, fostering creativity and innovation, the development of entrepreneurship and a smooth transition between jobs will be important for the next decade. However, the concept of empowerment should take into account the variety of social determinants that are relevant for productivity. The EU strategy should recognize more decidedly that health is a prerequisite for productivity of the working-age manpower and empowering citizens to make healthy choices should receive a higher priority.

The principles already outlined in the White Paper of DG SANCO should be made part of the EU strategy more formally: "This [ie. citizens' and patients' rights] includes participation in

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<sup>4</sup> Eberstadt, Nicholas; Groth, Hans (2007), Europe's Coming Demographic Challenge. Unlocking the Value of Health, AIE Press, Washington, p. 24

<sup>5</sup> DG Sanco (2009), Solidarity in Health: Reducing Health Inequalities in the EU, [http://ec.europa.eu/health/archive/ph\\_determinants/socio\\_economics/documents/com2009\\_en.pdf](http://ec.europa.eu/health/archive/ph_determinants/socio_economics/documents/com2009_en.pdf) (08.01.10), p. 2: "Between EU Member States there is a 5-fold difference in deaths of babies under one year of age, a 14 year gap in life expectancy at birth for men and an 8 year gap for women. Large disparities in health are also found between regions, rural and urban areas and neighbourhoods."

<sup>6</sup> OECD (2009), Health at a Glance 2009, [http://www.oecd.org/document/11/0,3343,en\\_2649\\_34631\\_16502667\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/11/0,3343,en_2649_34631_16502667_1_1_1_1,00.html) (11.01.10)

<sup>7</sup> Lichtenberg, Frank R. (2008), Alive and Working: How Access to New Drugs has Slowed the Growth in America's Disability Rates, Medical Progress Report No. 7, Manhattan Institute, p. 17

and influence on decision-making, as well as competences needed for wellbeing, including 'health literacy', in line with the European Framework of Key Competences for lifelong learning e.g. looking at school and web-based programmes."<sup>8</sup>

What empowering means and what value it can create has been demonstrated in the area of health literacy. Health literacy "is the ability to make sound health decisions in the context of everyday life – at home, in the community, at the workplace, in the healthcare system, the marketplace and the political arena."<sup>9</sup> Basically, people with higher education demonstrate healthier behaviors, report less chronic illness, feel healthier, and live longer.<sup>10</sup> According to studies in North America, not only are low reading skills correlated with lower knowledge and skills with respect to the patient's condition, but also poorer prevention and adherence behaviors, diagnosis, and prognosis.<sup>11</sup> Health economists estimate that this kind of low health literacy costs the American healthcare system US\$ 73 billion every year.

As outlined in the EU 2020 strategy, strengthening education is one of the most effective way of fighting inequality and poverty. Basic skills are a necessary precondition for autonomy and personal responsibility, particularly if they include health literacy. Furthermore, these skills, while necessary, are not sufficient. As important as education is - a so-called "readable" environment -, navigating resources, enabling citizens to navigate in the system, including – as regards to health –, better access to health information, will be critical.

- Empowering citizens should encompass the variety of skills necessary for productivity, particularly skills for healthy choices as part of greater health literacy. This includes also access to health information.

### **Making the EU more competitive through fostering innovation in health**

The strategy EU 2020 recognizes the importance of innovation and the need for a "fresh approach to industrial policy".<sup>12</sup> We strongly endorse this view. At the same time, this should also explicitly include innovation in health. Innovation focuses on efforts towards creating a strong science base in Europe and making Europe an attractive location for the best researchers – ensuring a fair reward for innovation, including incremental innovation and ensuring a high level of protection for Intellectual Property Rights.

In fact, there is a need for a stronger emphasis on innovation in health: Latest data for 2007 and preliminary figures for 2008 confirm Europe's relative lack of attractiveness for pharmaceutical R&D investment. Between 1990 and 2008, R&D investment in United States grew by 5.6 times whilst in Europe it only grew by 3.5 times. Today there is rapid growth in

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<sup>8</sup> DG SANCO (2007), White Paper. Together for Health: A Strategic Approach for the EU 2008-2013, [http://ec.europa.eu/health-eu/doc/whitepaper\\_en.pdf](http://ec.europa.eu/health-eu/doc/whitepaper_en.pdf) (08.01.10), p. 4

<sup>9</sup> Kickbusch, Iona, Wait, Susan, Maag, Daniela (2006), Navigating Health: The Role of Health Literacy; Alliance for Health and the Future, International Longevity Centre-UK, London, p. 8

<sup>10</sup> Bopp M, Minder CE (2003), Mortality by education in German speaking Switzerland, 1990-1997: results from the Swiss National Cohort; International Journal of Epidemiology; 32:346-354

<sup>11</sup> Friedland RB, O'Neill G (1998), Understanding Health Literacy: New Estimates of the Costs of Inadequate Health Literacy; Fact Sheet of the National Academy on an Ageing Society; see: [http://www.agingsociety.org/agingsociety/publications/fact/fact\\_low.html](http://www.agingsociety.org/agingsociety/publications/fact/fact_low.html)

<sup>12</sup> European Commission (2009), Consultation on the future "EU 2020" strategy, p. 8

the research environment in emerging economies such as China and India, resulting in closures of R&D sites in Europe and openings of new sites on the Asian continent.<sup>13</sup>

- Fostering innovation in health and making Europe more attractive for R&D investment should therefore be reflected more strongly in the EU 2020 strategy.

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**About MSD Europe, Inc.**

MSD Europe, Inc. is a subsidiary of Merck & Co. Inc., after the recent merger with Shering Plough, is the second largest pharmaceutical company. Today's Merck is working to help the world be well. Through our medicines, vaccines, biologic therapies, and consumer and animal products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to healthcare through far-reaching programs that donate and deliver our products to the people who need them. Merck. Be Well. For more information, visit [www.merck.com](http://www.merck.com).

**MSD (Europe), Inc.**

Clos du Lynx 5 I Lynx Binnenhof 5

B-1200 Brussels, Belgium

Tel. +32 (2) 776 64 67

[www.merck.com](http://www.merck.com)

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<sup>13</sup> EFPIA (2009), The voice of the pharmaceutical industry in Europe, p. 10, [www.efpia.eu](http://www.efpia.eu) (11.01.10)