

## Reducing the burden of chronic disease in Europe by focusing on health outcomes

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- Commissioner Borg, thank you for inviting me here today, Health Ministers, fellow panelists, I am honored to be speaking in such distinguished company, and excited to see so many people present here today with an interest in improving the health of European citizens.
- **Reducing the health and economic burden of chronic diseases in Europe is critical:**
  - Non-communicable diseases (NCDs) are the **largest component of the disease burden** in Europe, comprising about **85%**.
  - NCDs also impose a significant economic burden:
    - **Cancer** costs EU countries over **EUR 50 billion in lost productivity** and EUR 20 billion in family care spending.
    - **Cardiovascular diseases** cost EU countries **EUR 35 billion in lost productivity** and EUR 30 billion in informal health care costs.
  - The burden of NCDs in Europe is growing – WHO estimates that if the NCD epidemic is not halted, mortality from these diseases will increase to 8.6 million deaths per year by 2015. And the aging European population and limited public resources are adding to the challenge.
- **To combat this problem, we need to re-engineer our healthcare systems, moving from a transaction-based approach to one that focuses on patient outcomes.**
  - Let me explain this shift in focus using COPD, a common lung disease, as an example:
  - Many healthcare systems today are **transaction-focused**:
    - Payers pay for each physician visit, prescription, or hospital admission as if it were an isolated transaction, unconnected to the rest of the patient's care.
    - They then try to limit the volume of transactions and the price of each to stay within budget.
    - There is no target for improving COPD outcomes.

- Most systems do not know how much they are improving, how much they spend in total for COPD every year, or whether there is any relationship between their spend and the outcomes they get.
  - An outcome-focused system looks very different:
    - The focus is on the patient outcome, with clear measurement and performance management.
    - Providers are rewarded for contribution to outcomes, for example, in keeping patients out of hospital and pharmaceuticals that contribute to mortality reduction.
    - Public funds are spent with an ROI-based approach to improve outcomes:
      - Waste is eliminated.
      - Spending is prioritized by its cost-effectiveness.
      - Innovation that improves outcomes is appropriately rewarded.
- **To achieve this, we must re-engineer our healthcare systems, moving from a transaction-based approach to one that focuses on patient outcomes.**
  - The EU recognizes the need to move in this direction. I am particularly encouraged by recent efforts such as:
    - The **“Health for Growth” program**, which puts health on top of the EU 2020 agenda.
    - The European Council’s renewed focus on assessing our healthcare systems and finding solutions to improve them.
    - The **Quality Outcomes Framework** in the UK, which rewards improved performance to address chronic conditions such as diabetes and hypertension.
- **However, we need to accelerate our efforts in four key areas to further move toward an outcomes-based approach for NCDs:**
  - 1) **Broaden political support for a new approach**
  - 2) **Set realistic targets and measure our progress**
  - 3) **Scale up programs that are successful**
  - 4) **Provide rewards for delivering patient outcomes**

Let me describe each of these:

1. **First, we must broaden the political support for tackling NCDs.**

- Because the economic and social consequences of NCDs impact multiple sectors of society, we need to make clear to each sector the potential benefits in reducing the NCD burden in order to increase political support.
- At Novartis, our health economics and outcomes research group tries to **model these benefits by country, and engage relevant local stakeholders in discussions about healthcare improvements.**
- I hope that Member States and the EU can work together to:
  - Identify mechanisms for measuring the full economic and social value created by reducing the burden of NCDs.
  - Broaden dialogue on the NCD burden and raise support for this effort beyond the ministries of health.

2. **Second, we must set realistic targets for reducing the burden of NCDs, and measure progress.**

- For example, with treatment for COPD, most healthcare systems track patient hospitalization rate, but not the total annual cost of care. And often there are no targets for improving patient outcomes.
- At Novartis, we are trying to increase transparency of data to help set realistic goals and measure progress. For example, our forthcoming Breezhaler® internet-enabled inhaler for COPD would allow us to electronically capture and transmit data on a patient's medicine intake, as well as other indicators, to help the patient best manage their condition.
- We need Member States and the EU to work together on:
  - Developing a common framework for measuring patient outcomes.
  - Sharing information on goal setting and performance against the identified targets.

3. **Third, we must scale up successful system-level programs to improve outcomes:**

- At Novartis, we've launched a series of partnerships with healthcare systems that focus on improving patient outcomes in a range of chronic disease areas. Our most advanced project is in the **Yaroslavl region** of Russia, where we have helped to nearly **double hypertension control**

**rates** in under three years with minimal investment and healthcare system spending.

- To build on this kind of achievement, I hope that Member States and the EU can work together to:
  - Build a database of best practices for healthcare systems improvement programs.
  - Provide funding and expert support for these projects.
  - Develop a universal framework for public-private partnership in fighting NCDs.

#### 4. **Finally, we must reward providers and suppliers for delivering patient outcomes:**

- This is already taking hold with the UK's Quality Outcomes Framework for primary care that I mentioned earlier.
  - Novartis is moving toward new commercial models, such as **integrated care programs** that bring pharmaceutical companies and payers together to offer patients a comprehensive package of products and services. Additionally, new **risk-sharing models** that link payment to health outcomes are starting to emerge.
  - These models are a good start, but we must do more. I hope that Member States and the EU can work together to:
    - Create a regulatory framework that incentivizes and rewards new innovations and business models that deliver better patient outcomes.
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- At Novartis, we are committed to strengthening our focus on patient outcomes. It is the right thing to do for patients – and for health systems. Making improving health outcomes a shared goal will align the interests of all stakeholders, increase predictability for industry, and drive sustained R&D investment in the right direction.
  - I'm proud of the work we've done to combat NCDs in Europe so far, and I'm excited by the opportunities that lie before us. Let's use our time today to see how we can partner together to progress outcome-focused projects in the EU and improve the health of the European population.