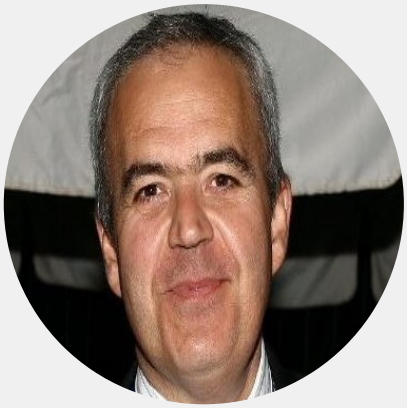
Olympios Papadimitriou – General Manager, Novo Nordisk Greece



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Novo Nordisk veteran and president of Greece's leading industry organisation, the Hellenic Association of Pharmaceutical Companies (SFEE), Olympios Papadimitriou speaks to PharmaBoardroom about the impact of the country's economic comeback on the pharma industry, the challenges of Greece's clawback system, the Recovery and Resilience funds that will be dedicated in part to Greek healthcare, and the country's rising diabetes and obesity problem.

Greece appears to be in a better position today than it has been for quite a few years. From your perspective, as president of the Hellenic Association of Pharmaceutical Companies (SFEE), what are the prospects for global life sciences companies in Greece today?

Greece is coming out of the COVID crisis quite strongly. We had an all-time record in tourism this year which ensures very significant growth for the Gross Domestic Product (GDP). And as far as I know, the GDP growth for 2023 is expected to be at least two and a half percent. At the same time, we are facing, not only in Greece but also across Europe, if not globally, certain threats like the energy crisis and the war in Ukraine. These are factors we must take into consideration when we assess the country's prospects as well as the industry's. Pharmaceutical companies in Greece have growth opportunities, primarily because significant innovative treatments have been entering the

country, but also because unfortunately the disease burden, for many chronic conditions like diabetes, obesity, cancer, and cardiovascular disease is growing. If these diseases are not prevented, at least the preventable ones, we will continuously need more treatments to manage them. However, innovation is not rewarded as it should be and is rewarded in other countries. The industry's growth prospects would be much better if public spending would be adjusted rationally over the years. Unfortunately, the public pharma expenditure is almost the same over the last seven to eight years.

In fact, not only public funding is still not quite back up to pre-crisis levels, but it is even worse than it was in the first years of the crisis (2010-2013). Public spending was about 5 billion in 2009, then it decreased to 3.5 billion and then to 2.8. But now, over the last couple of years, it fluctuates around 2.5 billion (outpatient + hospitals). Over the last decade, several important innovative treatments entered the market however the government has not foreseen enough spending on pharmaceuticals so that to be able to pay for this innovation. At the same time the government, and not only the current one, is not willing to control spending, meaning overseeing the situation and creating restrictions and limitations for all stakeholders contributing to the demand. As a result of this, there is a steadily rising excess of the defined state budget over the years that is covered exclusively by the industry. Currently, the level of mandatory returns from the industry is probably the worst ever.

This is the controversy because here we have a market that needs more medicines, as the disease burden is growing, but the government ignores the facts. New products are entering the market, but operating conditions for the companies that introduce them are worsening. This poses a clear threat to the future, as it is questionable whether international companies will be able or willing to introduce new products in the Greek market, and in a how timely manner. And in such a case the biggest loss is for the patient.

How do you see the prospects of continuing to work with this imperfect system and the possibility of structural reforms?

The situation is unacceptable and structural reforms are urgently needed as well as additional funding. Let me give you an example of the hospital environment to demonstrate this. Hospitals are primarily state hospitals, so they are run by the state. As the pharma budget has been stable over the years, we have had a dramatic excess in spending over the years, even in this controlled hospital environment. Underfunding is obvious and the companies are obliged to cover this excess

with mandatory returns. So, the clawback mechanism is misused. This mechanism was introduced during the crisis to operate as a safety net for potential excess in the budget, and not as a funding mechanism for the healthcare system. And it has turned out to be a funding mechanism approaching now a 50-50 contribution between industry and state and this is not sustainable neither for the pharma companies nor the health system.

Greece is about to receive funding from the EU Recovery and Resilience Facility (RRF), 1.5 billion of which will go to healthcare. What are your thoughts and hopes for that incoming funding and how it should be spent?

The RRF is a very broad plan that will give the country a lot of opportunities. The plan consists of 106 Investment measures and 68 reforms, so it is a very broad project, and approximately EUR 1.5 billion is going to be spent on healthcare. Out of that amount, approximately 280 million will concern digital upgrades in hospitals.

So, a significant part of the RRF money is supposed to be spent on digitalization in the healthcare sector, starting with hospitals. For example, one big project is to unify hospital operating systems, which are very fragmented and to date it is difficult to have a consolidated overview of the hospital operation in a timely manner. Another important project that we expect to be completed through the RRF funding is the digital patient record, which will allow us to understand better where the money for medicines is being spent, in which categories, in which treatments, what is rising, what is declining, and hopefully record patient outcomes. Digitalization is the best way to spot sources of waste, sources of efficiency, and in the end, create real-world evidence. The latter could be a potential source of income for the government as the industry would be willing to purchase this kind of data.

Another positive initiative included in the RRF is a scheme that is supposed to gradually reduce clawbacks up until 2025, benchmarked in 2020. This year, it should be at least 50 million less than 2020. Next year, it should be 150, then 300 and 400 million, which are significant amounts. The rule, according to the RRF, is that if this does not happen, then the government will have to contribute the money. Thus, this creates a certain pressure for savings on pharmaceutical spending, but also perspectives to increase funding. We have to admit that the government is aware of the issue of underfunding, but they have not yet taken any action. Currently priorities like the energy crisis and the political problems force the country to spend huge amounts of money on defence. Nevertheless, spending on pharmaceuticals and in healthcare should be a higher priority

than it is today. It takes time to convince them, but this is our continuous effort.

How open are Greek stakeholders in this environment of squeezed budgets to thinking about new ways of bringing innovative products to market?

The situation in general has improved over the years. The timely entry of a new product in the market has improved compared to three, four or five years ago. Unfortunately, what has not improved is the necessary funding that should accompany a new treatment that enters the market. So, the mechanism that is being used is an HTA assessment and subsequently a negotiation process, where companies must negotiate in order to agree on a price with the authorities, that will allow reimbursement. This is a soul-consuming process because the way it is being run is based on the current payback levels. The authorities expect that during the negotiation a company will commit to an even higher rate of returns than the current ones and this is almost impossible for new products. This tough procedure is also accompanied by a certain volume commitment. But the authorities take no responsibility in controlling the agreed volumes. This relies on the way physicians' practices are controlled.

Physicians in Greece are used to operating in quite a liberal way without any incentive to prescribe a generic or save money when the opportunity arises. But there should be some consequences, otherwise the viability of the system is at risk. The only way to achieve effectiveness and efficiency of the system is through digitalization, recording everything, controlling every prescription, and giving some incentives. Most physicians are not feeling the pressure of what spending on pharmaceuticals really represents and that is a problem.

If we shift our discussion to Novo Nordisk, it seems the past few years have been positive for the company globally. In Greece how much has the global success story been mirrored in the local market?

It is indeed very much mirrored in the local business because we have had the opportunity over the last couple of years to introduce most of our innovative treatments for diabetes and obesity. We are also active in the area of rare diseases, focusing primarily on haemophilia and growth disorders. All therapeutic areas have contributed to the growth of the company together with the rising burden of disease. I am talking primarily about diabetes and obesity that in Greece are huge threats to public health. Diabetes prevalence according to some estimates exceeds 10 percent of

the adult population and obesity, may be up to 30 percent of the adult population. These are areas where preventive action needs to be taken and we as a socially responsible company are quite active. Apart from treatments, we try to implement initiatives and create awareness because if we do not do something the future of public health in Greece is dark. The idea is not that pharma does good business because people get sick, but to fight for the well-being of the Greeks and for the sustainability of the system. That is one of our missions at Novo Nordisk.

Greece is usually referred to in the context of the Mediterranean diet and its long life expectancy. What has caused the shift you mentioned, which sounds quite dramatic?

Obviously, the home of the Mediterranean diet is Greece, but over the last decades, we have been influenced a lot by American eating styles. Also, a sedentary lifestyle is developing with an increasing number of people living in big cities, working many hours in offices, and unfortunately exercising less. As an example, the Athens metropolitan area concentrates approximately half of the country's population. We also must become better at educating young generations and in executing prevention strategies because these lifestyle issues and perceptions take time to change. Fortunately, there are a couple of initiatives included in the RRF relating to prevention strategies and I hope these campaigns will materialize in a way that will bring some results. Prevention can be costly, and it usually does not produce results right away but on the other hand, if we want to protect our country's population and our healthcare system, we need to act now. As Novo Nordisk we take several actions and implement awareness campaigns to spread the message of healthy living and eating as well as including exercise in our daily life.

Having obesity recognized as a disease is not always a given. What has been your experience with that in Greece?

One of our challenges here, but also in other countries, is to ensure that obesity is recognized as a disease, and I can say that we are on the right track. With our support, an "Alliance against Obesity" was formed which consists of scientific associations, as well as patient groups and other health policy groups to increase awareness around obesity and its consequences, to ensure its recognition as a disease and to establish treatment strategies at the local level. This alliance has been quite active already, and we hope the government will soon recognize officially obesity as a disease. Of course, this will mean that therapeutic guidelines will be issued and hopefully implemented. This will also increase the awareness of physicians about treating obesity because

physicians see obesity every day, but they do not bother to deal with a patient's weight management. They usually deal with the other problems that are consequences of obesity and not with the root of the problem (which is obesity). Last but not least, pharmacological treatments for obesity should be reimbursed, primarily for the most serious cases.

You have been able to launch some of Novo Nordisk's next generation products in Greece. Is the entire global portfolio present in the country or are there areas where you have had to pick and choose?

We currently have a good choice of insulin products. Our next generation insulin products are available, as well as our newest GLP-1 products, so I would say that both type one and type two diabetes are quite well covered here. I am proud to say that our solutions gather a very strong preference from patients and physicians because they offer advantages over other treatments.

Novo Nordisk has been present in Greece for a long time. What is the basis for its strong footprint?

Novo Nordisk has been in Greece since 1979, more than 40 years. International companies can invest in local markets in different ways and for us the best way to invest is through clinical trials. In Greece, we are very active in clinical trials, and we have been growing our activities over the last couple of years. Currently, we employ more than 25 people locally in clinical trials and I am proud of that because they are young scientists, university graduates in life sciences. This helps to keep young people in Greece, giving them employment opportunities. On top of employment, there is a strong financial footprint because clinical trials provide funds to investigators and hospitals, free medicines for the system, at least for several patients, and increased turnover for a number of partner suppliers. Clinical Trials Activities are the optimal form of Foreign Direct Investment (FDI) and we are trying to further increase it. The potential of our scientists or investigators here is quite high, so it is an opportunity for the country.

You mentioned keeping Greek talent in the country. Between 2008 and 2018, many people left the country because of the lack of opportunities. How do you see the situation with respect to talent in Greece today?

I see younger graduates entering the job market, but there are also people coming back to Greece. This is a result of new the opportunities but also because of tax incentives that the government has provided to people who repatriate after a couple of years abroad. Thus, yes, we see a movement back, our unemployment rates are lower than before, and we can get also some very significant investments from foreign companies in data centres and in the AI sector.

Pharma industry leaders tend to hop from company to company, but you have been at Novo Nordisk for almost 29 years. What would you attribute your long stint at the company to?

Everyone has their own career path and approach to work. My approach has been to dedicate myself to a purpose and I think Novo Nordisk has given me that purpose because what we have been doing all these years is to fight to change diabetes, primarily, but also other serious chronic diseases. Of course, diabetes is our landmark. When I started, I never thought I would stay here all these years but finding that purpose and embracing it has kept me here. Having the opportunity over the last 17 years to lead the company in Greece has given me the possibility to co-shape the course of the company in the Greek market and the way we serve our patients. These things keep me motivated because our fight never ends. Unfortunately, diabetes is not decreasing. Unfortunately, obesity is not decreasing. We must continue our fight.

Another factor of motivation is the team, I couldn’t have done any of our achievements alone. By building a team that is strong, dedicated and that recognizes the same purpose, we can be successful. I would say we are by far the strongest pharma company in diabetes in Greece, but also in Obesity. Our ambition is to continue in that direction.

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