

Interview: Busakorn Lerswatanasivalee - CEO, PReMA - Thailand



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Tags: [association](#), [local player](#), [doing business](#)

PReMA's CEO discusses the association's role within the industry as an organization that is improving the healthcare system in Thailand and on helping companies in the pharmaceutical industry bring innovation and high quality products to Thailand.

You were recently appointed as the CEO of PReMA. What have been your biggest challenges since you took on this role and where do you see the largest potential?

Busakorn Lerswatanasivalee (BL): Investments in research-based products are a big challenge for Thailand, but I am confident that we will develop innovative drugs in the near future. Although, I seldomly see modern drug developed from Thailand, the Thai government is gradually increasing its investment into R&D. We need to encourage local manufacturers to invest more in R&D. Such investment is needed to further develop the R&D to improve the Thai healthcare system.

As a policy influencer I advocate that decision makers take into account that new drugs in the market are not just high quality and high priced items, but items of value to the Thai economy and are for the mutual benefit of society. I believe that in the long term this will benefit Thailand, we are in negotiations for getting investment into R&D. Currently, we are working together with thirty-six companies. I would like to convey to the Thai people the benefit of having new research products or innovative products.

As Thailand would like to ensure affordability of the products for the Thai people, it is the role of our member companies to balance the demands of the management and the needs of the society.

What have been the main drivers of the market growth since 2010 and where does the Thai pharmaceutical industry stand today?

BL: During the last five years there has not been any significant growth in the pharmaceutical market. The market is slightly growing now, but it is just a marginal growth with regards to market trends. However, the health care system remains the same with four different health insurance systems: the Universal Coverage scheme (UC), the Social Security for private employees (SSS), and the Civil Servant Medical Benefit Scheme (CSMBS). The fourth one comes directly from the user's pockets, so there is still the same kind of environment, and nothing changed in terms of health care insurance system, but the threat is the aging population. Indeed, it makes you realize the threat of the health care financing here in Thailand, which leads to the need of implementing the health insurance reform.

How can the system become more sustainable while at the same time ensuring that the lowest part of the society are still guaranteed access to quality healthcare?

BL: The Universal Health Care Coverage is the champion in Thailand for patient access to health care. It is a good system where it tries to give healthcare coverage for all Thai people. However, the concept of the health care financing for this universal coverage is becoming more expensive. In order to make it sustainable they need to find more funding, but if this remains unchanged Thai economists believe that this may lead the country to financial challenges because they currently spend 15 percent of the country's budget on healthcare, which is why a reform is needed. Financial funding needs to be changed, either in finding some funding from some other sources or from co-payment, or having a system for everyone, which will be the standard for the Thai population. This is the concept, and for the working population you need to copay as a Social Security. However, the main issue remains whether we implement this new policy or otherwise reap the consequences.

Where do we stand today with regards to the reform and when do you think it is going to be implemented?

BL: Healthcare does not include only the role of the government, otherwise it would be unsustainable. The government must keep the financial level that they can afford and put the quality there so the concept is to cover financing, quality and access, and to cover everything in a sustainable way but still maintaining the quality and not only focus on cost. This is the way they need to change. We recently spoke with the National Reform Committee, the Healthcare

committee, and came to the conclusion that everything should be covered, not just the access to healthcare, but a co-payment would allow for the system to continue sustainably. Though Thai people do not want to change the universal coverage, but they must understand that in order to continue the system they must contribute some minimal fee while everything else is provided for.

Do you think the decentralization of the system through Healthcare Zone is a viable strategy?

BL: Thai people need to be educated about health. Health is everyone's responsibility. Therefore, the government should be able to implement certain policies to help facilitate the functionality of the Thai healthcare system. Therefore, it is the role of everyone to pay some additional premium in the system; we call this a partial contribution.

Furthermore, the social security system needs to be improved and I advocate that this reform start by educating the local population about the sustainability of government programs.

What kind of effects can this reform have on pharmaceutical companies?

BL: There are two sides to the healthcare reform: changing the contribution, with a co-payment model, or trying to get more contributions from the government. The government must assist in both processes in order to ensure the projects are sustainable. If the government does not do this they will continue to prevent innovation in the pharmaceutical industry from flourishing, which indirectly leads to patients not having access to new innovative medicine. However, if both the patient and the government share contributions to the healthcare insurance, patients will have the choice between public hospitals or private hospitals. If you have higher standards, you have a wider choice, not just with regards to quality, but the quantity of hospitals you can choose from. The future decisions of policymakers will have a dramatic impact on how future hospitals are run.

Christopher E. Knight (CEK): Thailand is in a transition period and there is an opportunity to go in a different direction with regards to co-payment, opening of the healthcare system, which should benefit the patient as well as benefit the healthcare industry.

Some of the originators of the current healthcare system that had the best intentions when they started it continue towards that path of centralization and government controlling the healthcare system, rather than opening it up to a co-payment and market forces, which would be a better way to ensure the provision of quality services. In the long run, if the government does not consider reforming the system, it may not be sustainable.

What do you believe it will take for Thailand to become a manufacturing destination for potential innovators?

BL: We had one local manufacturing plant in Thailand at Takeda. However, the plant is no longer receiving much investment any longer. In my expert opinion, in order to attract investment Thailand needs to set up policies that welcome international manufacturers and show them that this region of the world is where they should invest because of its strategic location, size and welcoming business culture. Moreover, Thai manufacturers need to improve or upgrade their standards to international professional standards to demonstrate to the world that we are capable.

The Asian Economic Community is going to be established in December 2015. Do you think that this will incentivize companies to open up shop in Thailand?

BL: As a businesswoman I believe that economic interconnectness can bring about more prosperity for Thailand and the region as a whole. Lately, I have been alerting policymakers to improve local standards so we can reap the benefits when we are more interconnected in the coming year. With regards to logistics, technology, and knowledge transfer I believe Thailand is ready. If we can further improve those standards, I believe Thailand can be at the heart of pharmaceuticals. Currently, there is a need to incentivize local manufacturer, as well as improve standards for multinational companies. Companies like Takeda, Bayer and GSK were manufacturing here but have left because of the system and international producers are scarce.

What specific laws and policies are inhibiting the growth of the Thai R&D sector?

CEK: Whether the focus is on domestic industry or the multinational industry, there needs to be some type of incentives in place for industry to make that major investment in manufacturing facilities and bring manufacturing facilities up to an international standard. Those incentives are non-existent. In my opinion, there are actually some disincentives in the market, such as regulatory issues and the maximum procurement prices. There is also new legislation being considered which could create a number of potential disincentives for investment in manufacturing and investment in R&D for the biopharmaceutical industry. If the objective is to see the domestic industry moving towards R&D there is a need to amend the law so it reflects that objective.

This draft law covers all aspects of the pharmaceutical industry ranging from regulatory approvals to counterfeit enforcement to dispensing prescriptions of pharmacists and physicians, so it is a comprehensive piece of legislation. However one of its provisions for innovative products that are under patent is that if you are a company producing patented products and you are applying for drug approval to the FDA, you will need to disclose your entire cost and price structure to the FDA.

This is something we have never seen in other jurisdictions.

BL: This is not only negatively impacting the decision of multinational companies to bring innovative products into the market, but also domestic companies. The current government stated they want Thailand to get out of the current middle income trap and move into that area of innovative industries which they specifically target through the Board of Investment (BOI) and the prime minister stated that pharmaceuticals and bio-pharmaceuticals are one of those areas where we like to see Thailand grow into. On the other hand, they have a piece of legislation that is doing just the opposite. That definitely creates some disincentives for the multinationals and for the domestic industry both in the R&D and the manufacturing area. This is an area where we are working on, right now.

What are some of the achievements that you are more proud of when it comes to your work at PReMA?

BL: Last year, we began working very closely and collaborating with the Thai FDA. The Thai FDA had some processing issues due to the registration process when they review a dossier application. They lacked human resources to review registration dossiers in a timely manner and consequently must hire outside resources to assist them. We worked very closely with the FDA on how to use IT help with the review process by sharing best practices from other countries. Currently, the FDA is in the process of introducing e-submission for the review of new products and biological products for next year. We are also supporting the FDA in setting up an agency called National Institute for Health Products Assessment (NIPA), which is to support FDA's review process of both drug and medical device application. This organization is similar to the format of PMDA (Pharmaceutical and Medical Devices Agency) in Japan. In fact the Thai FDA and the PMDA have worked closely for more than forty years. This institute will review new products and demonstrate the collaboration between Thailand and Japan and also between government and private sector like the Thai FDA and our association.

CEK: PReMA has been proud of this collaboration and also has a positive story that relates to the marketing code of ethics which it has had for over twenty years. PReMA continually updates its Code based on international standards and on domestic market changes and it currently revising it again. Moreover, we are the only association in Thailand that has a code of ethics for marketing for such a long time. PReMA recently signed a memorandum of understanding (MoU) with a number of government agencies, the local generic manufacturers association and some academics. Everyone is working on a national code. PReMA has supported this code of ethics for a long time and we would like to see a level playing field where everybody uses the same high ethical

standard. We believe that having a national code is a good step for the country provided that the principles of the code remain transparency and good governance, and it is not misused as a tool for cost containment.

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