

Interview: Anna Van Poucke - Chairman, KPMG Healthcare, The Netherlands



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Anna Van Poucke, Partner and Chairman at KPMG Healthcare in the Netherlands, explains how KPMG can help its partners and clients move forward towards a better integrated, more efficient and smartly designed healthcare eco-system, while remaining at the forefront of the industry in terms of M&A, supply chain and cultural management expertise.

Before joining KPMG, you accumulated an extensive experience in the healthcare sector at a senior level in a range of hospitals and mental healthcare institutions, but also as CEO/COO of the Dutch Diagnosis Related-Groups (DRGs) and pricing office. What drove you to join a consultancy and specifically KPMG?

Prior to joining KPMG, I was indeed leading the Dutch Diagnosis Related-Groups (DRGs) and pricing office, and as a matter of fact I was particularly close to the policy-making process with regard to the overall reimbursement and classification systems. We also held an extremely comprehensive database, the DBC system, and I advocated using this asset to foster a value-based development of the Dutch healthcare system, by for instance providing all the healthcare stakeholders with acute information on complications and KPI's related to patient and operation outcomes.

Nevertheless, my stakeholders and board members were probably not yet ready yet for such a transformation, so I had to choose between staying within the technical healthcare system – without getting the capacity to really implement game-changing innovation, or looking for a role

where I could have a true opportunity to improve our overall healthcare system. Finally, I also had a previous and robust background in consultancy, so it was natural to go back to an industry that I already knew quite well.

At this time, KPMG, and particularly KPMG the Netherlands, had decided to establish the healthcare sector as one of their key development areas. I could thus help to build up this expertise area thanks to the network I developed during my years of service in the public area. Furthermore, Mr. Wouter Bos, former Finance Minister of the Netherlands, joined KPMG at the same period, and I estimated that it would be particularly exciting to develop the healthcare practice with his collaboration. This move really created a kick-start effect, which was then increased by the acquisition of Plexus, one of the most renowned boutique firms in the healthcare consultancy sector. This acquisition allowed KPMG to move from a small group of healthcare consultants mainly focused on auditing activities to a team of over 50 consultants with an extremely strong and valuable knowledge of the overall healthcare process. Furthermore, we can rely on the support and the expertise of the global centers of excellence that KPMG had just implemented for healthcare.

Finally, KPMG deepened its commitment to the Dutch healthcare market at a moment when a lot of transformations that had been making the news headlines for ages started to truly have an impact. We really entered the market at a moment when we could help to reshape the Dutch healthcare infrastructure and the relationship between different healthcare providers and the healthcare insurers, with a lot of strategic dynamics impacting the Dutch healthcare system.

The Netherlands stands as one of the most advanced healthcare markets in Western Europe and has been ranked first in the Euro Health Consumer Index five years consecutively. What aspects of the system make it such a model of reference in Europe and globally?

Unfortunately, my assessment would be that we reach an overall first position mostly because we are second everywhere, and not because we are really excellent or world-leader in some specific areas! The Netherlands couldn't probably be set apart from other healthcare systems or markets regarding one specific field, but on the other hand we are very efficient in almost all aspects. For instance, the accessibility to healthcare in the country can particularly be praised, with a very strong and efficient system of primary healthcare, based on a dense system of General Practitioners (GP) and community centers. Each patient has a GP in the country, and one has to be previously referred by his GP to be admitted to the hospital, which allows the hospital system to not become overloaded. Our healthcare system is also particularly efficient in terms of patient group organization, while the general level of quality of care is very high. Nevertheless, in

comparison to GDP, Dutch healthcare spending is the second highest among OECD countries, second only to the United States, which could probably be reduced by optimizing our long-term care, a process that is currently ongoing.

An issue that has been identified by several companies is the transfer of the most innovative and most expensive medicines to the hospital budget, which is resulting in a discrepancy of patient access to innovative products and therapies. What is your assessment of this situation, and what changes need to be made?

In terms of access to innovation, we indeed have to be extremely careful. In the Netherlands, it is mandatory to subscribe to a health insurance, but most of them are not-for-profit organizations. These insurances offer a very comprehensive cover, even with the most basic packages, while citizens who are below a certain level of income also receive tax compensations for subscribing to their health insurance. In this regard, accessibility to healthcare is generally very good. However, we are increasingly implanting co-payments, with a deductible for secondary care that will reach precisely 389 Euros in 2016 – while primary care will remain free. Nevertheless, this deductible is unfortunately not adapted to the income levels of the patient, and could become a real burden for the elderly population for instance. We also found a decrease in healthcare spending within hospital walls in recent years, which is a very good sign if it really reflects a substitution from hospital to GP care and to self-management, but we have to remain extremely vigilant that patients basically don't completely stop going to the hospital!

Accessibility should remain our first priority, also when it comes to the most expensive medicines, which have indeed been placed within the hospital budget. Nevertheless, this transfer will probably increase physicians' reflections on the true necessity of reimbursing some drugs while fostering the reflex to always look for cheaper alternatives –without of course impacting the quality of care. However, academic centers are particularly suffering from this inclusion of the most expensive drugs within their budget, because they also receive the largest share of the most complicated patients. Doctors and hospital boards are now facing very tricky ethical problems, as they have to decide which patients they will be able to treat or which disease they will favor with regard to their budget, while establishing clear criteria for such decisions is obviously extremely difficult. I feel it would be necessary to develop more clear criteria to make such decisions, and they should be established at a national level to ensure we have clear and equal criteria for every citizen and care provider in this country.

When we spoke with Minister Schippers, she said that one current priority is transparency and decreasing information asymmetries in the current system. Patients

should have access to higher quality information when it comes to choosing a hospital, a surgeon, and even a treatment that would be the most suitable for them. Given your experience within the hospital sector, would you say that transparency should be a priority to improve Dutch healthcare?

Transparency should definitely be our priority. We have already taken a lot of very good decisions in reshaping the relationship between hospitals and health insurers to ultimately increase the overall quality of care provided to the patients. Nevertheless, if we are not able to feed back insightful data on treatments to the patients, this effort will clearly lack impact. We praise ourselves for offering a large choice of care alternatives to our patients, but we do not currently offer them the opportunity to take these important decisions with the required knowledge and transparency.

In different systems we already hold a very large quantity of data, from which we can deduce a lot of information regarding the outcomes of the different treatments. In this vein, we don't need to invest tremendous amounts of money to reach the next step in order to effectively empower our patients with an effective power of decision. We should start working from the basis of what we have already been able to gather, and steadily improve the overall system's transparency. When comprehensive information on treatment outcomes is set up and fully available, the second step to consider could be to move towards more value-based payments.

In this regard, the pharmaceutical industry can make a major contribution in realizing value-based healthcare. Regarding the most expensive treatments as well as choosing between innovators and generics, reimbursement should be attributed to medicines that allow patients to reach the best quality/price ratio: if a treatment's price is extremely high and it cannot be transparently demonstrated that quality and efficacy is actually better than with other drugs, these medicines shouldn't be considered for reimbursement. For the most expensive drugs, it will also be necessary to open a national debate on quality: how much do we feel is acceptable to pay for extra years of life?

In the past years, Organon was acquired, while the biotech scene locally has seen much M&A activity. On a global scale, there has also been much consolidation. How do you help your clients adapt to the continued consolidation of the life sciences industry?

We are already supporting the industry to smoothly achieve this consolidation in many aspects, such as supply chain management and R&D activities, while we are also one of the biggest consultancies in the Netherlands with a dedicated expertise in M&A – both at financial and strategic

levels. We also recently increased our competencies on this side with the acquisition of THT (Trompenaars Hampden Turner), which is specialized in the cultural aspect of mergers and international collaboration. This expertise is particularly relevant in the healthcare industry, where multinational pharmaceutical companies often acquire smaller and extremely innovative companies. It is also extremely valuable for companies that strive to foster the original innovative spirit of their acquisitions, and ultimately, truly wants to benefit from their acquisition's culture. In a research-driven industry like the life sciences and healthcare sectors, there is a great potential in deepening this post-merger integration expertise.

Historically, we have always been working very closely with MedTech and life sciences companies, but with a very strong focus on M&A and supply chain management. However we have been increasingly focusing in the recent years on helping MedTech and life sciences companies extend and deepen their role in the healthcare field. We see a shift where life sciences companies are moving from a basic B2B market to what we could call a " B2(B2C) " model, where companies will foster and ease the interaction between consumers and healthcare providers or implement self-management solutions for patients. For instance, by working closely with MedTech companies and care providers, a pharmaceutical company developing diabetes treatments could manage to merge disease diagnostic and drug delivery steps into one single visit to the hospital or even implement home treatment- thanks to self-test products, data monitoring, personalized medicines and "in-room" delivery of the treatment. Among many others, this kind of examples underscores how healthcare companies could have a greater and more comprehensive impact on patients' lives. Instead of adopting a product-centered approach, we help our partners to insert their treatments into a more efficient eco-system centered on the patient.

How could KPMG precisely help these stakeholders to achieve such a process of innovation?

First of all, we have a very large footprint in the healthcare market globally and in the Netherlands, where we are the biggest consultancy currently operating in this industry. Furthermore, we are very closely related to the primary care process, and particularly when it comes to redesigning the care delivery system. In the north of the country where there is a lower density of GPs, we recently did a project with two local hospitals facing important financial issues. In this area, patients were more naturally attracted by the nearby academic center, while healthcare costs are on average 25% higher in academic centers than in local hospitals, because of the larger importance of research and teaching functions. We conceived a comprehensive program to merge these two hospitals together and to strengthen collaboration between the newly created regional hospital and

the academic center. We also completely redesigned the care distribution between these two healthcare centers by taking into consideration the geographical location of the patient, the complication of his disease and many other aspects. In the meantime, we also reorganized the care that could be delivered at the GP level or directly in the patients' homes. In the meantime, we implemented quality, financial, and accessibility monitoring systems, to ensure this new care design was effectively reaching its objectives.

These kinds of competencies are probably what truly differentiate us from the other Big Four companies. We can partner with all types of healthcare stakeholders: pharmaceutical, biotech or MedTech companies, doctors, hospital management or insurance companies, to help them support and foster the transition of the Dutch healthcare system into a more effective ecosystem. Finally, I am very proud that KPMG, besides its world-class expertise in finance and auditing, which is extremely valuable when it comes to massive infrastructures such as healthcare systems, also contributes hand-in-hand with both the public and private sectors to truly add value to the care delivered to the patients. It is clearly an impact that we want to deepen in the upcoming years, and being the most important healthcare consultancy in the Netherlands isn't enough to us. We really want to be seen as the partner of choice of the industry and of the public authorities to bring the Dutch healthcare system into the 21st century and thereby achieve our main goal: improving the health of Dutch citizens.

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