

Interview: Ellen Gijbers - CEO, Fresenius Medical Care, The Netherlands



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After having successfully acquired its first dialysis center in the Netherlands, Fresenius Medical Care, the market leader for kidney failure products and services, is looking to develop more partnerships with other hospitals and dialysis centers to help Dutch patients benefit from their patient-centric expertise. CEO Ellen Gijbers also advocates for a more holistic approach to disease treatment.

After three years as COO, you were appointed CEO of Fresenius Medical Care in the Netherlands in March 2013. What have been your priorities since you took over and how much progress has been made in this regard?

Fresenius Medical Care is a market leader in kidney failure, a specialty in which we have built a long-standing partnership with doctors – based on one hand on the quality of our products, but also on the medical added-value that we are able to bring to the patients.

Over the past few years, we have noticed some structural market dynamics that have gained in importance tremendously. One of the most impactful is probably that the decision-making process within hospitals' walls is increasingly economically driven.

This shift led us to transform our organization, and to not only propose a product benefit or focus on clinical outcomes, but also to develop a financially appealing value proposal. We thus changed our internal structure to sustain a more holistic approach, based on the services and products we can provide to reduce treatment costs and improve patients' quality of life. On this side, we want to reduce disease complications, not only on the medical side, but more and more in translating this benefit in terms of cost-efficiency.

With regard to this new market approach, we have already achieved important progress, but there is still a long way to go. We are already closely partnering with hospitals, with both the medical specialists and the economic board of these organizations, but we still need to engage with insurance companies more and differently organize the Dutch insurance structure to better fit a comprehensive and patient-centric treatment.

This transition is part of the Western European strategy of Fresenius Medical Care, and the UK, France and the Netherlands are probably among the frontrunners in the implementation of this cost-efficiency approach. This trend is currently steadily emerging in other European countries; as the cost-containment context that sustains our new approach is indisputably replicated throughout Europe.

Fresenius Medical Care is the world's leading provider of products and services for people with chronic kidney failure. What is the positioning of the Dutch affiliate?

From a market point of view, Fresenius Medical Care is market leader for kidney failure products, with a market share of around 60% in the Netherlands, which is comparable to Fresenius Medical Care market position in other European geographies such as France, the UK, or Belgium. In terms of revenues, the Dutch affiliate is nevertheless relatively small, firstly because of the drastic cost-pressure environment that has been set up over the past few years, and also because the kidney transplantation rate is particularly high in the Netherlands. Transplantation network in the Netherlands has been remarkably developed, based both on post-mortem operations and living donors. Looking at the proportion of patients affected by chronic kidney failure patients in the Netherlands, the ratio is also one of the lower in Europe, even if it is however extremely difficult to determine with certitude the reasons behind this particularly low occurrence.

We notice that the medical focus in the Netherlands is increasingly centered on the quality of life of the patients, which implies an open discussion between the patient and his physician regarding the treatment chosen and its consequences. Dialysis treatments have indeed a very important impact on patients' lives. In some situations, like for instance for the elderly, this life-changing impact

could justify discussing if the treatment is really desired, even if without dialysis the quality of life and the life expectancy of the patient would slowly but surely decrease. Nevertheless, this decision truly belongs to the patient, and I deeply believe that the Netherlands is a particularly liberal country in this regard, where collaborative discussions and open decisions jointly taken by the patient and the doctor are probably more frequent than in many other countries.

In 2014 Fresenius Medical Care acquired the dialysis center Beverwijk, which was an important milestone for the affiliate as the first dialysis center in the Netherlands. What were the rationales that motivated this first acquisition in the country?

Our first and main objective was to deepen our expertise in care providing and to help Dutch patients benefit from our kidney failure expertise in a more comprehensive manner. Before this acquisition, Fresenius Medical Care was already managing an enormous number of dialysis centers and clinics all around the world, in Southern Europe, in the US or in the UK for instance. In the Netherlands, it was impossible for many years to open our first clinic, because they all are public or semi-public medical institutions. Nevertheless, for the hospital, selling this center to Fresenius allowed them to reconcentrate their efforts on their core activities, at a moment when many medical organizations were wondering whether they should maintain a broad range of clinical activities or focus on a small number of specialties.

The dialysis center is managed with a collaborative approach, as the hospital – and former owner of the dialysis center – still owns a minor share of the clinic, which in the Dutch context appears to me as the only way to proceed. A private company, either Fresenius Medical Care or any other one, which would manage by itself a chronic disease center with complex patients requiring multiple additional treatments, is not at all a viable solution. To improve patient outcomes, private and public stakeholders need each other.

Considering the current success of this partnership at the dialysis center Beverwijk, we would like that more Dutch patients benefit from our expertise, and are thus extending our dialysis center network in the Netherlands. On the other hand, we are already in contact with a large number of Dutch hospitals that would like to benefit from our know-how, even if, kidney disease being such an integrated disease, it is still particularly difficult to untangle these renal patients' treatment from the whole complexity of a hospital, and to create a separate entity to welcome them. As a company focused on bringing the best to our patients, we thus have to remain particularly flexible in the way we want to partner with these organizations in the future.

By managing this center, what kind of expertise has your affiliate been able to develop?

Firstly, it clearly provides us with a better understanding of the entire chain of care, with a special focus on the reimbursement and financial part of the process. As CEO, this was undoubtedly one of the biggest lessons I learned. Furthermore, even if we corporately had a deep understanding of kidney failure treatment, managing such a center clearly allows us to have more insightful understanding of the disease progression and to transfer it back to at a corporate level to improve our products and service offering. For instance, this experience helped us to transform the IT landscape that intertwines our treatment products, as monitoring the patient on a daily basis, but also correctly setting the best medical parameters are absolutely crucial when it comes to chronic diseases. Finally, managing this center sharpens our expertise in improving process quality as well as streamlining their cost.

Does this experience suggest a shift from a product-centered business model to a more comprehensive approach to the patient?

Bringing the most innovative products to our patients will always remain at the core of our business model, and we will continuously improve them accordingly to the lessons learned from our patients. On a technological side, dialysis machine size will surely continue to decrease, but it is very likely that the most important clinical improvements will not directly come from technological breakthroughs, but more from a better management of the disease process. Having a more holistic impact on the cardio-renal interaction during the dialysis treatment is for instance a very promising approach to further improve patients' lives, more than only and exclusively focusing on dialysis products.

In this regard, our Coordinative Care division adopts a patient-centric approach to tackling the peripheral troubles of kidney patients and to ensure patients receive all other additional care services they could need, from pharmacy, vascular, cardiovascular and endovascular surgery services, non-dialysis laboratory testing services, physician services, hospitalist, or urgent care services.

Nevertheless, deepening this service offer is currently slowed down by the compartmented system of reimbursement. For instance, if a kidney failure patient has to consult a cardiologist, this consultation would require a second line of reimbursement, while these different reimbursement procedures also all have their own flow path, meaning that the patient has sometimes to wait before receiving the requested treatment. Obviously, Fresenius Medical Care is not in the position to change the overall reimbursement system by himself, but we really push for moving from a specialist view to a patient centric reimbursement approach. These kinds of procedures have already been adopted in the Netherlands for Parkinson's disease, but we still need to gather

payers, medical specialists and patient organization to build up a similar system for kidney failure patients.

Ultimately, process organization should follow the same patient-centric approach, to prevent patients from moving around from specialist to specialist. Even this transition will obviously not be accomplished overnight; implementing a “case-management” approach in the way we finance but also organize healthcare is probably the ultimate objective we should target.

How would you describe the attitude of public authorities towards your ambition to have a more holistic approach to healthcare?

Insurance companies are particularly open to the idea, while the perception remains a little more multifaceted among physicians and hospital boards. Independence of physicians is a sacred principle for Fresenius, and even more in the Dutch context. We are here to support doctors and provide them with better processes to jointly optimize healthcare.

I also understand that our objective can represent a completely new approach in the way a private company like Fresenius can contribute to healthcare, and our partners may need time to truly take the measure of our sincere commitment to partner with them – even if we are of course a for-profit company, like the vast majority of life sciences companies in the world. To overcome some remaining reluctance, it is also our duty to prove that we are primarily driven by our ambition to improve patient outcomes and to support our healthcare system in its cost-containment effort.

Dutch hospitals are all foundations and non-for-profit organizations, but they all have to build business plans and agree with health insurances regarding their annual spending. In this vein, they increasingly have to rationalize their processes and manage their budget almost exactly in the same manner that a private company would do it. It is exactly in this regard that Fresenius could further help hospitals.

What role do you see Fresenius playing in the Dutch healthcare system of the future, based on a more collaborative, holistic and patient-centric approach to care?

Fresenius Medical Care primarily aims at partnering with medical specialists, hospital boards and healthcare insurers to build up a more efficient way to treat our patients. We will have a tremendous role to play, particularly in the management of kidney failure patients, as renal patients will always remain at the core of our approach. I do see us as a service provider, through an organic expansion of our current service offering and of our innovative products culture. Our products will also ultimately be improved in a virtuous circle by the expertise developed on the

field and among our patients. Product innovation will thus follow three major trends: firstly, an increase of self-use products which will allow the patients to be cured as frequently as possible from their home; secondly, the development of a more efficient IT backbone to better support physicians and truly exploit treatment data, while the last innovation will probably revolve around decreasing water consumption, eliminating waste and decreasing products' size.

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