Interview: Zsolt Jozsa – General Manager, Novo Nordisk Hungary



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Novo Nordisk Hungary GM Zsolt Jozsa highlights the growing prevalence of diabetes in Hungary, the gap in treatment options that the company is striving to close with Tresiba and Xultophy, and the limitations of Hungary's regulatory framework.

Zsolt, you took over the helm of Novo Nordisk Hungary in 2012, after having already spent almost five years with the company. For you, was it a natural transition into the role of general manager?

Actually it was quite easy. Prior to general manager, I was working as the manager of our diabetes business unit, and approximately 75 percent of our business is attributed to diabetes. Furthermore, Novo Nordisk has been undertaking the mission of "changing diabetes" for the last 90 years. So, I already had significant exposure in managing that aspect of the operations, thus creating a seamless transition.

You had also inherited the reins during a time when the industry was undergoing a sweeping healthcare reform. What were the first measures you pursued to help the company effectively adapt to the changes?

In Hungary, there have been several cost-containment measures specifically targeted at the industry, including a reimbursement tax, increase in sales rep fees, and a ceiling on

pharmaceutical expenditures. The system is now structured in a way that yields some of the lowest drug prices in Europe, placing significant pressures on our ability to introduce the latest innovative products to the market.

The best way to circumvent these limitations is to first and foremost have superior products that aid in tackling unmet medical needs and positively impact not only the treatment outcomes, but also the patients' overall quality of life. The discussions then revolve around whether or not the payer has to expend more money for those added benefits—directly or indirectly. But, ultimately the cornerstone of our success thus far lies in our ability to approach the market with products that either enhance or improve upon existing treatments.

Specifically looking at your leadership mandate, what strategic objectives were at the top of your agenda when you first took over the helm?

Internally speaking, I wanted to mold a high-performing and engaged organization. Externally, I wanted grow the organization to a scale that's in line with Novo Nordisk's ambition to improve as many patient lives as possible.

Managing diabetes is not a trivial task. Pharmaceutical treatments are only part of the solution. In terms of awareness and overall prevention, a broader understanding of this disease is required at the grassroots level and greater collaboration between community stakeholders including doctors, nurses, regulators, government officials, and even patients themselves is imperative in order to truly enact change.

We've made significant efforts in streamlining these initiatives such as hosting forums and publishing scientific articles capturing treatment-related costs or the overall economic burden of diabetes. It's certainly an on-going process, and sadly, despite the availability of increasingly innovative drugs and new management tools many diabetics are not reaching their treatment targets—not just in Hungary, but also all over the world.

A couple of weeks ago, the WHO actually designated an official date for diabetes awareness and prevention because it really is a global pandemic. Every year the number of patients increases, so it'll require a joint effort from all relevant stakeholders to diminish the impact of this disease.

How would you evaluate the current availability and quality of treatment options for diabetes in Hungary?

In the last eight to ten years, there's been a fantastic improvement of treatment options for diabetes—type II in particular. 15 years ago there were maybe only a few companies competing in

this field, and now there's more than a dozen. Several big pharma companies started diversifying into this segment with new molecules and novel methods of intervention. Needless to say, it's quite an interesting time for diabetologists with the expansive range of therapies and scientific data currently available in the industry.

Currently, we don't have a diabetes registry in Hungary; so, current available figures are merely extrapolations or sourced from international databases. Furthermore, not every diabetic patient is diagnosed. I believe this ratio in Hungary is actually quite good. Despite the current difficulties, Hungary's healthcare system is quite advanced with very dedicated physicians.

But in terms of a rough approximation, the number of diabetics in Hungary is between 800,000 and 1,000,000.

Number of treated is around 600,000. But if it's type II diabetes, the most effective form of treatment is actually a healthy diet and exercise—not necessarily requiring medicinal intervention, but a simple lifestyle change.

In what way can the country stand to benefit from placing a stronger emphasis on the widespread recognition and treatment of this disease, especially when compared to the more pervasive CVD and cancers?

We see a trend that mortality is shifting from a focus on infectious disease to non-communicable disease, such as diabetes. There is a slight shift in mindset that cardiovascular, neurodegenerative, oncological, or diabetes is actually starting to impact mortality rates more than before.

But, despite the fact, I don't see diabetes standing out from other diseases in this respect when it comes to Hungary. We are doing our part in bringing more attention to this disease and initiating a call-for-action.

I'd also have to give credit to the government. They introduced some interesting initiatives that alter dietary requirements in schools starting from kindergarten or encourage daily physical activities for children and adults alike.

Also, Hungary is among only one or two other countries in the world that has introduced a special tax on unhealthy foods, particularly with high sugar content or carbohydrates. So, the government has made substantial efforts towards primary prevention, but of course the impact of these initiatives will only materialize 10 to 20 years down the line.

Globally, Novo Nordisk is widely known as the leader and expert in diabetes care. How have you gone about contributing to and maintaining that reputation here in Hungary?

The last couple of years, despite the entrance of several other competitors, we've managed to increase our market share—not just in insulin, but also the total diabetes market—and that leading position extends to Hungary.

We're also recognized as trusted partners for all the relevant stakeholders including physician associations, patient groups, ministries, and payers. We've been very successful in cultivating our reputation as experts in this field and partners that are not only willing to contribute to, but also be a part of the solution, not the problem.

Some have considered Hungary among the most restrictive pharmaceutical markets in Europe. With that said, have you been able to offer the same level of treatment options across Novo Nordisk's innovative portfolio as in other European countries?

We have quite a lean organization here in Hungary and despite our relatively small workforce, we've managed to assume a leading position within diabetes, while also further improving our market share in various therapy lines.

Globally, the company is focusing on therapeutic proteins, not small molecules, which is also the case here. So, we are competing in GLP-1 analogue, with Victoza, and we also have insulin. Hungary has a slightly different position than neighboring countries in that the country has some of the lowest modern insulin or analogue insulin penetration rates. This is mainly because there are restrictions for analogue insulin when it comes to reimbursements.

Which brands have demonstrated the most promising growth prospects?

We hope that our next generation insulin franchise will be the primary drivers of growth—this includes Tresiba and Xultophy.

And there is still a lot of opportunity in Victoza, with some very encouraging data to help capitalize on this potential.

In the last five years, we've expanded our clinical trial department by three times, in terms of the number of CRAs and trials. We're conducting all of our studies in house, as opposed to outsourcing to third party CROs—doing mainly phase III studies, in both haemophilia and diabetes.

Aside from diabetes, our commitment to haemophilia is also broadening. Traditionally, we've only marketed Factor VII or NovoSeven in Hungary, but now we've also introduced Novoeight and

Novothirteen, which has certainly increased the scope of our operations with added complexities and responsibilities—all of which we'll be focusing on in the years to come.

Based on your interactions with doctors and key opinion leaders, have they generally been perceptive of prescribing innovative medicines?

In Hungary, I believe diabetes care is quite advanced, especially with regards to the knowledge base that physicians possess. Especially from our clinical trials, we see that the doctors are able to perform very high quality work.

Within the current regulatory framework, only specialists can prescribe insulin and more advanced treatments. But I wouldn't necessarily say GPs are conservative, rather their possibilities are limited. And not just in diabetes. The reason that we don't have higher rate of modern insulin is not due to doctors' conservative approach, but more so the restrictions on prescription limitations.

Which marketing channels have served as the most effective means to launch new products in your experience?

We approach it in two ways. The first is the classic face-to-face visits from sales reps and the second one is what we call an "educational cascade." From a national, regional, and local level, we're equipping physicians with knowledge regarding latest advancements in science and innovation to ultimately enable them to make their own decisions about the most effective treatment options.

How do you go about approaching payers to adequately communicate the benefits that your products bring and ultimately convince them of the corresponding price points they should be value at?

The budget to reimburse pharmaceuticals is determined by the parliament. Within that framework, the health insurance fund has a degree of flexibility when it comes to negotiating prices. And there are some very talented and highly skilled professionals currently within the National Health Insurance Fund (OEP) to determine the most optimal outcome for all parties when given a certain set of constraints.

So I see more problems that the said budget is too low and not increasing in line with the country's economic growth, especially considering the current mortality rates for Hungarian citizens. The system is already in place, with deadlines set and proper communication channels open for the companies such as Novo Nordisk to adequately demonstrate the value of their products. And sometimes a product's cost-effectiveness and role in improving patient outcomes are recognized,

but the budget simply cannot accommodate it. So the primary matter of concern is increasing the percentage of GDP spent on pharmaceuticals and the broader healthcare sector. And we're starting to see preliminary signs of this happening next year, at least for physician salaries.

But it is really just a matter of allocating more budget or are there more fundamental underlying issues at play that need to be addressed first?

We had a cost containment measure introduced in 2011 called the Széll Kálmán plan that sought to cut spending and reduce the country's level of sovereign debt at the time. And regulators did a great job of trimming the fat and allocating resources more efficiently, especially when it came to pharmaceuticals. As I mentioned before, we have some of the lowest drug prices in Europe, with exceedingly high sales rep fees and substantial tax rates. Furthermore, we saw a significant decrease in the drug budget, while the rate of unmet medical needs has increased globally and the Hungarian population has continued to age, in turn, requiring more chronic care.

So, in terms of unlocking savings or reallocating resources, I don't think the industry has anything left to offer. I believe we've now gotten to a point where it's time to think about investing in the health of our patients and improving the overall welfare of our fellow citizens.

To this end, would you maintain a positive outlook on growth opportunities for the industry moving forward?

I do. The incidence of diabetes and subsequent need for increasingly innovative treatments are still growing—and will continue for at least the next few decades. Even for the patients currently undergoing treatment, there is still an excess number of people not meeting their desired targets. And I believe we, as Novo Nordisk, have superior solutions to tackle both segments in our existing and future portfolio. In this respect, I see an underlying need that will remain consistent and ultimately materialize into demand growth.

Also, given that the nation has largely recovered from the crisis, I believe the government will find a way to at least partially give patients the possibility of experiencing the innovative solutions that we have to offer.

Where would you like to have taken the affiliate in the next three to five years?

In the upcoming years, we will focus on introducing our new innovations to the Hungarian market to help patients reach their targets and overall contribute to society. We have this concept of the "triple bottom line," which is helped shaped the direction of our efforts here. This principle stresses the importance of not only financial performance, but also the level of impact our operations have

on the environment and the society as a whole. Obviously, without production activities, our carbon footprint isn’t as much of a core focus compared to our manufacturing bases in Denmark or the US. But these are all consideration factors that we strive to embed within all our employees’ mindsets.

From a more personal standpoint, in addition to my added responsibility over the Slovakian operations, I plan on working more in the field of operations, as I enjoy being close to customers and my colleagues.

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