# Interview: Kateřina Podrazilová – Chair of the Pharmaceutical Committee, Association of Health Insurance Companies, Czech Republic



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*The Dedicated Chair of the Pharmaceutical Committee of the Association of Health Insurance Companies speaks about drug pricing procedures, the partnership with the pharmaceutical industry, as well as her overarching vision for the organization.*

**The Association of Health Insurance Companies of the Czech Republic (CR CAP) was established in 1997 as the successor of the Organization of Health Insurance. Could you please provide us with the scope of the organization?**

The Association of Health Insurance Companies covers approximately 43 percent of the market. Our organization consists of six insurance companies, most of which are working regionally. Our member organizations vary in size, some have only 100 thousand members while other have a coverage of one million. The challenge of the work comes from representing the interests of all our members, given the diversity of size and scope that they cover. Our main area of representation stems mainly from drug policy and the regulatory process which it involves.

**How do you influence drug policy for the interests of your members?**

There are several mechanisms by which we provide benefits for our members. The first area of influence regards administrative procedures, specifically for pricing and negotiation.  The policy procedures are spearheaded by SKUL, for which we are one of the main partners of the process. Given this partnership role, we are able to voice our opinions and raise our demands when deemed necessary for the interest of our members.  We represent our members in a broad scope, from general areas of concerns to issues regarding a specific drug.

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Another main avenue of influence is in terms of negotiations with market authorization holders. These negotiations could be held at any stage of the reimbursement process, depending on the situation of the drug and according to the need of our members. We also do negotiations for specific products on a more individual basis according to the need of the specific patient. In essence, we aim to mediate the negotiation process between insurance holders and our member companies as a whole, as well as our individual patients.

**According to the Minister of Finance, Mr. Babics, the Health Insurance balance in January stood at USD 19 billion. Given the concerns of rising healthcare costs, do you believe that this budget is sufficient?**

Forecasting the budget is one of our many challenges given that it is a multifaceted issue. The first side of the issue is that the discussion about balance is initially discussed at the Parliament level and only shown to our members thereafter, once the decision has been reached. The second side of the issue is that there is an increasing demand to raise salaries for physicians and medical professionals in order to incentivize them to stay in the country. These issues are then further compounded by the fact that our overarching goal is to provide a rich ecosystem of medical care for patients, wherein they have fast and reliable access to good quality care.

Two main factors constantly drive the level of expenditure, namely salaries and the level of care provided to the patients. The latter refers to the perpetual search for the most advanced medical technology and innovative care for patients, which normally requires high level of financial investment. Thus, there needs to be a balance between these factors while taking into consideration the funds allocated for health insurance companies and the level of demand from the market.

**Given the rising costs of drugs in the market, how has the dynamic of your expenditure changed?**

The forecast of our drug expenditures for 2016 and 2017 is divided into three different categories. The first category is for treatments that necessitate the administration of the physician, which includes injections and diagnostics. The second category is for treatments that are centralized due to high costs, namely areas such as oncology, multiple sclerosis and other such debilitating conditions. The third category is for traditional “recipe” pills to treat conditions such hypertension, diabetes, and other more commonly lifestyle-based diseases.

For the first and third categories, the trend has been rather stable for the past three years. There have been slight increases over the course of the time period, but these areas are far easier to predict given that there is very little fluctuation. On the contrary, the second category is what drives the overall total increase of spending given that it covers very expensive treatments and drugs. Although there is a much smaller portion of the population that are being treated for cancer, multiple sclerosis and orphan diseases, for example, the treatments for these conditions need to highly specialized because there is a greater need for more advanced medicine and care.

The efforts to centralize care for the more expensive therapeutic areas would be largely beneficial from our standpoint because it would allow for more targeted negotiations. Having a centralized environment is more conducive to understanding the most efficient means of negotiating for prices and level of treatment for the patient, especially for these cases when complex care is a necessity. Overall, centralizing treatment for degenerative diseases is advantageous for both the patients, who will be provided the utmost comprehensive care by specialized experts, as well as the regulatory parties of the healthcare system.

**As the Chairwoman of the Pharmaceutical Committee, what is the extent of your partnership with the pharmaceutical industry?**

The pharmaceutical industry is an important partner of the CR CAP. This is mainly evident in terms of our drug expenditures where prices are set that are optimal for both parties. An analysis of our spending last year has shown that our agreement with large pharmaceutical companies provided us with millions of Crowns in savings. Our expenditures were still substantial, yet fostering these partnerships reduced our financial burdens.

There is currently an effort to set a ceiling for our expenditures, especially given the fact that our spending has always surpassed our budget every year. Collaborating with pharmaceutical companies is imperative for the process of setting the ceiling, especially for the drugs with prices that tend to fluctuate rather steeply. We also have to consider the level of reimbursements and conditions of certain products set by the SKUL prior to entering price negotiations with

pharmaceutical companies. Once negotiations have come to a halt and the optimal prices are agreed upon, we can calculate the most appropriate expenditure ceiling for the Association as a whole – consisting of our members.

**In regards to the National Strategy for Health 2020 which was implemented in 2014, what do you identify as the role of health insurance companies in this initiative?**

The National Strategy for Health 2020 is an ambitious project that encompasses several segments of the healthcare landscape. I believe that at the crux of the problem is the need for a balanced budget. Currently, there are very expensive parts of the segments that need to be properly funded, not only in terms of high-cost treatments, but also in terms of level of care in the hospitals. There is a slight shift towards a preference for outpatient care facilities among Czech patients, which is the 40% of the market that our member companies cater to. The level of care in these private outpatient care facilities provide more freedom and autonomy for the patients, which is more conducive to the healing process. Thus, there needs to be shift in the overall focus and the funding away from mere hospitalization of patients, but also towards a more comprehensive understanding of patient's wellbeing.

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In order for the health insurance companies to develop and provide the best care for the patients, it is imperative to think beyond the standardized level of care. The Czech healthcare system has ample resources to provide the necessary care, but oftentimes, we are restricted by our budgets. A standardized system has the potential to cater to the needs of the majority, yet it can also overlook the specificities of the need of an individual. The access to care outside of what is provisioned by a standardized system is where the question of costs truly lies.

An ideal system would allow for patients to have access to a standardized level of care, yet also have the option to avail a more customized type of treatment if desired, which is partially covered by their individual health insurance company. However, a court decision has been made in the past against this type of dynamic. Nonetheless, it is evident today that there is a demand for this duality in order the diversity of needs of Czech patients. I am optimistic that this is the main role of the health insurance companies is to propel the shift towards this.

**What is the overarching vision and goals of the Association of Health Insurance companies for the next five years?**

There are different areas of improvement for the Association, yet it heavily depends on the amount of funding from the system. Thus, the primary priority is to create a balanced budget that can

appropriately sustain and promote growth for the organization. In the same vein, we also aim to source more funding than what is being projected today in order to implement our vision of higher, more customized level care for our patients. At the core of our operations is the well-being of our patients and we hope to provide the utmost quality of care for them through proper financial planning.

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