Interview: Teodoro Padilla – Executive Director; Reiner Gloor – Advisor & Honorary Member, Pharmaceutical & Healthcare Association of the Philippines (PHAP)



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Teodoro Padilla, Executive Director at the

Pharmaceutical and Healthcare Association of the Philippines, and Reiner Gloor, Advisor and Honorary Member, discuss the current objectives and goals of the association, how they are adapting to recent changes in the country's healthcare landscape, and the impact of the rise of generics.

To begin, could you please describe for our readers some of the recent developments in the country that are pertinent to the Pharmaceutical and Healthcare Association of the Philippines (PHAP) as well as some of your recent activities?

In 2013 there were landmark revisions to the national health insurance code, something we named universal healthcare 2.0. We engaged with the Department of Health and the FDA to help them realize the continuation of universal health coverage as a landmark piece of legislation, and ensure that the population, especially the more marginalized sectors, has coverage. We have created a lot of programs where we, as an association together with our members, could help shape the outcomes of this process. We were working with some of the former secretaries of health to come up with a plan for healthcare for all Filipinos, a goal which we took a further step towards

accomplishing in May of this year. We convened a very successful forum including Secretary Garin, who was slated to give the keynote, other secretaries of health and key opinion leaders, including from patient groups, health workers and local government units. There were various exchanges between these thought leaders, and the goal was to encapsulate everything into one working document, a plan, to give to the incoming administration. There are still a lot of out of pocket expenditures in PhilHealth, you still have to purchase medicines for example, and it does become expensive. These are some of the issues that we discussed at this forum. In the current model you have the national government subsidizing premiums, and of course our population continues to grow. PhilHealth reported in the official statistics that they covered 92% of the population, which is a very big improvement. However, one thing that was important, based on the outputs of the health forum we held, was the realization that health information systems were out of date and do not communicate well together. The upper classes know the type of services that they are entitled to, and the lower classes do not. So this is really a matter of educating people, and having health officers in the local municipalities properly informed so they are able to spread the information to their constituents. There are many people who have been successful at doing this, but more need to follow.

What are some more of the key issues that you are focused on at PHAP, and what progress do you see being made currently?

One key issue that we need to address is out-of-pocket spending, as more than half of total health expenditures still come from out-of-pocket spending. Inaccessible health services are also an issue we need to look closely at. If you live in the urban centers, and have means, it is easy to get to a hospital. However, in geographically isolated areas, it is difficult, sometimes requiring many hours of travel and different modes of transportation to be able to see a health worker. Not having access to health services is very disruptive to the lives of these people. Additionally, inequality in health services and disparities in health outcomes by socioeconomic groups need to be addressed, as well as rising HIV rates, substance abuse, tobacco use, and reproductive health. President Duterte is looking for ways that citizens, especially the poor, will be able to have healthcare and access to drugs without incurring any out-of-pocket costs. This is the goal, and the key question is how to best accomplish it. This is why we are excited to share what we call the health roadmap as we see it as being very much related to accomplishing this goal.

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President Duterte has indicated a desire to raise expenditures on health. Do you believe this will improve the healthcare system in the country?

Yes, I do believe that this will lead to improvement, and we do see this happening today. The Duterte administration recognizes that for economic growth to be inclusive, the poor need to be provided with heavy support on agricultural infrastructure, education AND health. The “sin tax” on alcohol and tobacco has created considerable funds for PhilHealth, and President Duterte has also said that if this is not sufficient we need to find additional funding as well. This is how we will achieve universal healthcare, especially for the middle and lower classes. The current process in PhilHealth utilizes benefit packages for particular diseases and ailments. For example, they have great packages for heart bypasses and kidney transplants. However, they are now studying more in depth this system, to come up with packages that better address the needs of their members. There is now a third party reviewing these PhilHealth packages, seeing if they are realistic in terms of their costs, as they want to expand coverage to make sure everyone is covered.

How do you view the relationship between the innovative and generic industries in the country, and what challenges do you see moving forward in terms of increasing access to therapies for patients?

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What is important is that we continuously make more drugs and affordable generics available. The generics industry would not be able to thrive without innovation, and this is something that the average citizen sometimes does not understand. We have worked to promote the availability of new medicines, vaccines and molecules, as well as to increase the generic output. We have worked to promote better health education, and our members have done a lot of programs to educate patients, especially on prevention and disease management. Our members also have compliance programs to ensure that patients continuously take their medicines appropriately. Lastly, more focus needs to be placed on preventative health, and we are working with various agencies to promote this.

The challenge has been that processes to bring in treatments have been moving very slowly. New products sometimes have not been approved, and newer formulations are coming out around the world that are not yet available here, and are not reimbursed through PhilHealth. However, what President Duterte has taken away from many interactions with our members is that economies, countries and markets that invest heavily in healthcare have an exponential increase in the GDP. This message appealed to the president and his economic managers. You need to look at healthcare spending as an investment, not a cost.

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The generics industry is growing rapidly and is set to represent 60% of the market by 2020. How has this growth impacted the innovator industry in the country?

The generics law that was passed, and followed by the quality and affordable medicines law, has made life easier for many Filipino patients as there is no lack of options available for patients. Because of this you see the generic industry continuing to thrive. We see the rise of generics as leveling the playing field for everyone. However, the market has not expanded as much as one would have hoped for. There have been many medicines that were simply replaced by generics, as opposed to expansions in the market that would have indicated expanded access. A challenge we are facing as well is that we see a lack of confidence in generics, especially in the poorer communities. The government and the FDA have the responsibility to change this mindset.

What advice would you give to the innovators as the face the current challenges in the market?

We have to look at the two sectors that are present now, the government sector and the private sector. The government is strictly guided by certain procurement levels and buy only generics. The private sector is the area where the innovative industry continues to work, as they have more freedom. Doctors are allowed to prescribe brand names, unlike in the government sector. However, companies might need to look at new business models that will allow access to innovative drugs for both sectors.

What areas do you see as opportunities for growth in the different innovative markets?

There is a lot of room for growth in maintenance medicine especially for chronic diseases, once PhilHealth begins paying for these therapies, as many of these drugs come from the innovators. This is an area where the innovators can participate in the expansion of the market. Many of these medicines are prescribed to patients, however, they are not being taken as they are too expensive. The only way you can be reimbursed for these medicines is in the hospital, so once people are released they do not maintain their medical regimen. We will continue to advocate for the retooling of the reimbursement process to include maintenance medicine, which will be a very important step forward.

Looking forward five years, where do you see PHAP, and what do you hope to have accomplished?

We will still be actively working to engage the health authorities on behalf of the industry. Our members have been very active in engagement on behalf of the industry, and we have seen this high level of engagement despite the challenges that the industry has faced over the years. We will work to highlight the importance of good health rather than simply costs. The industry will continue to develop, because there is obviously always a need for quality healthcare. Our working relationship with the government, especially looking over the past 10 years, has greatly improved as we have moved from having more of an adversarial relationship to being partners. Most importantly, we will work to continue to constantly provide value to our members.

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