

Interview: Bakhuti Shengelia - Director, Healthcare Systems, Novartis International AG, the Philippines



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Bakhuti Shengelia, Director Healthcare Systems of Novartis International AG, expands on Novartis' initiatives to increase access to healthcare in emerging markets as well as the importance of transitioning towards value-based healthcare systems to improve healthcare outcomes. He also discusses how emerging markets are able leverage the fact they have more flexibility than developed markets to implement positive change moving forward.

Could you please expand on some of the key objectives that Novartis has with regards to expanding access to healthcare in emerging markets?

Novartis has a great track record of demonstrating commitment to people's access to medicines in emerging markets. For over 15 years, Novartis has been in the forefront of the treatment of uncomplicated *P. falciparum* malaria with antimalarial medicine known as artemisinin-based combination therapy, or ACT. The Novartis Malaria Initiative has pioneered the healthcare response to the fight against malaria by spearheading what has become one of the industry's largest access-to-medicine programs today. Last year Novartis launched the Novartis Access program which will provide governments and institutional payers a combination of 15 generic and patented drugs for 7 major non-communicable diseases. And this will cost only 1 dollar per treatment per month. The Access program was rolled out in 3 countries (Kenya, Vietnam, and Ethiopia) in 2015. It will gradually cover 30 countries in the coming years, with the goal of reaching 20 million patients per year by 2020.

In terms of increasing healthcare values, what are some of the key ways Novartis engages with various stakeholders to achieve this shared goal?

We are leveraging partnership with various stakeholders in the system to enhance the outcomes of our medicines through a number of beyond-the-pill solutions that can improve patient compliance, patient self-management, or patient-physician interaction. All these help maximize and even augment the value that healthcare system can derive from our medicines. With willing payers in different countries we are exploring outcome-based payment models whereas the real-world performance of our medicines determines the rewards we receive for the value derived by the system. Of course not all countries are ready yet for the outcome-based payment modality. There are still many barriers for value-based care, in both emerging and developed markets, but I think the global trend and various successful pilots will likely trigger necessary policy and behavior change, and bring those countries gradually to the requisite level of maturity for value-based care, and outcome-based payments in particular.

What do you see as being some of the barriers specifically here in the Philippines with regards to improving health outcomes?

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Reliability and completeness of relevant data is the most critical constraint for the Philippines and for many emerging markets as well. So it is hard to monitor results and link them to the inputs and processes. Another barrier is limited supply capacities (human resources and infrastructure) which prevent translating available financial resources into health outcomes. And lastly, and not least, incentives for health system players (starting from healthcare workers and ending with policy makers) are not aligned well with performance. However, you can see from the types of questions being asked by PhilHealth that there is increasing interest and curiosity about value-based care, which is a good signal. There will be many challenges for countries such as Philippines to move to value-based care. However, you must start somewhere, and I believe we need to start with building strong health information systems and gradually linking payments to outcomes.

Creating partnerships, both with healthcare professionals and the government, is key in terms of making progress in these areas. How is Novartis positioning itself as being the partner of choice for other actors in the sector?

Our approach to partnership starts with objective understanding of the challenges that governments and healthcare professionals face. We are trying to put ourselves in the shoes of policy makers, apply outside-in thinking, and see the issues from their vintage point. Then through

an open dialogue we try to reconfirm with policy makers our vision of their problems, which leads to co-creation of win-win programs that address healthcare system challenges and also improve Novartis position as a healthcare partner of choice. For example in Russia and China we have supported a some regions/provinces in setting up effective hypertension management programs, which were very successful in reducing the level of uncontrolled hypertension among the population. Another example is how we supported the Government of Poland in developing a formidable plan of action to fight cancer. In many countries we are supporting creation of strong real-world evidence on the performance of our drugs, which will ultimately help the payers make better informed decisions regarding their true value. We are also collaborating with payers in different countries to pilot outcome-based payment schemes and from the acquired learnings shape policies in the future.

You are in the Philippines to speak at the 5th Universal Healthcare Forum. Why was the Philippines chosen to host this event, and what benefits do you believe it brings to the industry?

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This is the 5th Universal Forum for Healthcare, and the Philippines was chosen because for the past 6 years they have really been championing the universal health coverage movement in the region. This is a very valuable event, as it brings together perspectives from different countries and keeps the momentum and commitment of the governments in check. Especially with social and health sector reforms, it is important to have long-term commitment and consistency, as the results from reforms do not occur over-night, which may sometimes derail the political commitment. I am very pleased to see that the new government in the Philippines is continuing momentum and building on the strong achievements of the previous team.

One of the key discussions happening at the moment is around the benefit of value-based healthcare systems. Do you believe that emerging markets, such as the Philippines, are ready for these changes?

Their readiness is still not complete, however, they seem to like the concept of value-based healthcare, and are interested to move their systems towards that goal. I do not believe that their healthcare systems can be transitioned to this type of model tomorrow due to the barriers about which we spoke earlier. That being said, embracing the concept is the first step. I have been very pleased with the signals I have been receiving from the government in this regard. For instance, they have been curious about moving from the line-item budgeting to a system where you pay by

result or at least per a bundle of care. So they are starting to ask the right questions, and that, I believe, will steer the process in the right direction.

On the other hand, despite their limitations, emerging markets do have an advantage over developed markets – as they are building their systems de novo, they can benefit from the lessons that developed markets learned, and they can leapfrog in their development thanks to modern technologies and accumulated body of knowledge. Countries in emerging markets should avoid replicating the same models of care as the developed markets are finding now in need of modernization.

What have been some of the most positive changes you have seen in Filipino healthcare sector in recent years, and where do you see the country progressing in the future?

The Philippines has increased the healthcare funding significantly, which has been the major driver behind their universal healthcare coverage progress in the past few years. Increased health funding was possible mainly because of two things. First – very strong commitment from the former President to universal healthcare reforms. Aquino administration in 2010 really made universal healthcare a major social contract with the population. Secondly, they were very successful in terms of using innovative healthcare financing models, specifically a tobacco tax, which raised significant resources reinvested in healthcare. They still have a lot to do in terms of addressing infrastructure and human resource limitations, improving management effectiveness and healthcare governance. However, the policy makers are thinking in the right way and they are making progress. Hopefully, by addressing supply-side challenges, sustaining health system financing trends, and improving governance and management the country will be able to accelerate progress towards universal healthcare coverage.

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