

Interview: Parulian Simanjuntak - Executive Director, International Pharmaceutical Manufacturers Group (IPMG), Indonesia



"Even though government policy is mainly cost-driven, we strongly believe that the national healthcare system and the Indonesian patients' quality of life can be enhanced if MNCs participate in this governmental program with their innovative products."

05.04.2017

Tags: [Indonesia](#), [IPMG](#), [Manufacturing](#), [Pharma](#), [Association](#), [Market Access](#), [Halal Law](#), [JKN](#), [Healthcare](#)

Parulian Simanjuntak, Executive Director at IPMG, explains the crucial role that MNCs should play within Indonesian universal healthcare coverage (JKN) and discusses the future challenges that should be addressed to enhance the national healthcare system.

Indonesia is one of the strongest pharmaceutical markets within the region. Valued at USD 5.5 billion, the market has an incredible 12.6 percent annual growth, which is expected to be maintained in 2018 as well as reaching USD 12 billion value by 2020. What are the steps that the international pharmaceutical industry should undertake in order to capitalize on this growth?

IPMG is willing to contribute to this potential by helping supply innovative medicines to the Indonesian population. In my opinion, such promising growth will be mostly driven by the universal healthcare coverage (JKN) that the government is currently implementing in the country. Nevertheless, even though government policy is mainly cost-driven, we strongly believe that the national healthcare system and the Indonesian patients' quality of life can be enhanced if MNCs participate in this governmental program with their innovative products.

We are fully aware that government cost containment measures in the JKN will pose a challenge for the participation of MNCs since their prices are higher than the local ones. However, patients need innovative medicines to treat some diseases that cannot be properly targeted through any other drug in the market. Therefore, MNCs have a great opportunity as well as a challenge ahead and the path of development should be based on showcasing the high added-value that their healthcare solutions can create for both patients and government.

There are many factors that could boost the national healthcare industry such as the fact that the government's commitment to covering the healthcare of the entire Indonesian population by 2019, making the JKN the largest universal healthcare coverage in the world. Given that this government program will promote the use of non-branded generics, how should international pharmaceutical companies adapt their businesses?

We are working in collaboration with the government to demonstrate that just focusing on cost-attractive solutions will not help them to meet national healthcare goals. Hence, our suggestion to the government is to conduct pharmacoeconomic studies through Health Technology Assessment (HTA) and other innovative techniques that will ensure that the country provides the drugs that the Indonesian patients need.

[related_story]

In addition, even though highly sophisticated medicines are mostly more expensive than generics, innovative drugs can certainly create benefits for both patients and government in terms of enhancing patients' quality of life and, ultimately, reducing the cost of treatment.

We have perceived an epidemiological transition in Indonesia with a stronger government focus on treating chronic diseases such as diabetes and cardiovascular disorders. In addition, such diseases can mostly be properly targeted through biotech and biosimilars; markets where international players mostly dominate. How has this trend affected your members' operations?

This new focus of the government on treating chronic diseases has enhanced the outlook of international players' businesses in Indonesia since biotech and biosimilar medicines are mostly developed by MNCs.

Nonetheless, this positive assumption will be negatively affected by the limited funding resources of the public health institution. Indeed, the social security institution (BPJS), which is in charge of

implementing the universal healthcare system (JKN) in Indonesia, has been in deficit since its foundation in 2014. Thus, even though there is an increasing awareness from the government about treating non-communicable disorders, the impact of this transition will depend on the final funding allocated to treat these diseases.

IPMG members continue to invest in research and development to bring the latest innovations in medicines to Indonesia; medicines which are safe and on par with international standards of quality. Could you expand on how IPMG is helping bring these innovative products to market?

Indonesia's drug registration time is one of the longest in the region and, consequently, products are not introduced in the country as fast as they should be; this is certainly a challenge for the industry. As a result, medical tourism is a concern in Indonesia and those that can afford to be treated abroad in countries such as Thailand, Malaysia and Singapore do so in order to receive medicines that have not yet been introduced in the country. IPMG is actively speaking with the government to try to improve the situation for regulation times.

The forthcoming Halal law will be difficult to apply to the pharmaceutical industry since pharmaceutical raw materials come from various sources. In addition, pharmaceutical companies could stop producing drugs in Indonesia for fear of the sanctions against violators of the Halal law. In your opinion, what is the solution to this issue?

IPMG and many leading stakeholders are against the application of Halal law within the pharmaceutical industry but, unfortunately, this law already stipulates that medicines should also get Halal certification.

“In my opinion, there are two solutions that should be discussed: amend the law in order to take out pharmaceutical drugs from the Halal context, or make voluntary the application of such law within the manufacturing process of pharmaceuticals.”

In my opinion, there are two solutions that should be discussed: amend the law in order to take out pharmaceutical drugs from the Halal context, or make voluntary the application of such law within the manufacturing process of pharmaceuticals.

However, any law can only be valid if there are implementation regulations that support it, and, fortunately, the implementation regulation for Halal law has not been issued yet; there are still a lot of question marks and uncertainty around this.

IPMG members such as Novartis, Merck, Bayer, Boehringer Ingelheim, and Pfizer have invested more than USD 1 billion in Indonesia's pharmaceutical industry over the past few years, particularly for the construction of factories and clinical research. What are your conclusions on that and where do you foresee that the investments from international pharmaceutical players being allocated in future?

Future investments will highly depend on how the Indonesian business outlook is assessed and the opportunities for MNCs. Based on the data and statistics available, 40 percent of healthcare expenditure is carried out by the government and, consequently, we remain positive about the future role that private industry will play in the national healthcare system. Private industry has to take advantage of its important weight to successfully run its operations as well as enhance the national healthcare system.

What is the biggest challenge that your members are currently facing and how is IPMG helping them to overcome it?

The whole JKN system should be modified in order to accommodate the medicines available in the market to patients' needs. Thus, even though JKN poses a huge opportunity for the healthcare industry, this governmental program is also the biggest challenge for MNCs since it is currently mostly focused on low-cost treatments.

As aforesaid, being a trade association, we are focused on lobbying to protect the interests of our members but also considering what the patient needs. Our strategy is to deeply understand both sides of the same coin: industry and country needs.

Could you expand on how the Indonesian government and national policy makers are collaborating with other countries in the region that have already implemented universal healthcare coverage?

The Indonesian government is already collaborating with the Thai government to improve the JKN implementation strategy. The outcomes obtained have been quite promising and the whole industry is highly satisfied about them but there is still a long way to go.

What are the main objectives that you would like to accomplish in the upcoming years?

Firstly, one of my main objectives is to define the role that MNCs should play in a country like Indonesia and, in concrete terms, in the JKN system; in this sense, we are fostering the changes that need to be made to include those innovative medicines that Indonesian patients need in the JKN. Secondly, I want to continue supporting the government to eradicate the corruption within the

healthcare industry and life sciences sector. Finally, I would like to contribute to ensuring that medicines will not be obliged to comply with the Halal law.

[See more interviews](#)