Interview: Jakob Falur Gardarsson – General Manager, Frumtök, the Icelandic Association of the Pharmaceutical Industry



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Jakob Falur Gardarsson, general manager at Frumtök, the Icelandic Association of the Pharmaceutical Industry, highlights access as the main challenge that needs to be met in order to propel Iceland's healthcare system to the level of other Northern European countries. He also expresses his trust in the willingness of the government to implement such change and position Iceland as a hub for research and development in Europe.

Mr. Gardarsson, could you please explain the key responsibilities of your association to our international readers?

Frumtök has some 18 members, all companies from the pharmaceutical industry. It is organised in the same way as many of its peers in other countries such as PIF (Pharma Industry Finland) in Finland or LIF (Läkemedelsindustriföreningen – association for research-based pharmaceutical industry) in Sweden and Denmark. As a matter of fact, we collaborate much with those Nordic associations.

Our key responsibility is to ensure that there is a good dialogue between our members and the government and its institutions. We simplify the process of negotiation and discussion by acting as a single voice for all our members. We therefore have a key role in leading discussions with the

parliament, the price and reimbursement committee or the Icelandic health insurance.

When we founded the association in 2006, the main reason was that there was this big debate between the industry and the government on prices within the Icelandic market. Bundling all the complaints and struggles within one voice allowed the industry to have a better stand back then, and it still does so today.

What are the main areas of concern of your members that you try to convey to the government and the institutions, and in which you try to achieve change?

There are three main areas: transparency, pricing and access.

Transparency is something we strive to see implemented in the regulatory framework provided. Be it through proper rules regarding horizon scanning or rules regarding compassionate use, we still see room for improvement in terms of transparency.

As everywhere else in Europe, the pricing system in Iceland is regulated. The highest accepted price for products from general medicine in Iceland is the average of the Danish, Swedish, Finish and Norwegian prices.

For hospital medicine, the price and reimbursement committee responsible for the price regulation in Iceland bases itself on the prices in the same four countries. However, this time, the highest accepted price in Iceland is the lowest in the Nordic countries. This rises the threshold for companies wishing to invest in Iceland tremendously. Indeed, Iceland is a very small market that is by nature expensive to serve. All medicines for hospital use are imported, mainly from Denmark. In addition, the prices are directly linked to the currency exchange rate which has been very strong for years, and the prices have been dropping in consequence. Thus, when the price regulation is too low, the market becomes too expensive to invest in for pharmaceutical companies.

The last point on the list, access, is really the alpha and omega for our members. Iceland is a micro market, and not the easiest to access by its very geography. The access has to be improved for our members to thrive.

We have a very positive relationship with the governmental institutions. Ever since we started our work, we have been accepted as a voice for the industry. This is illustrated by the fact that, whenever a bill regarding the pharmaceutical industry is introduced into parliament, we have been invited to partake in the discussions and witness the evolution of the regulation to come first hand.

You have written an article mentioning how low the healthcare budget in Iceland is and that a better access to the latest and most innovative drugs for Icelanders is crucial. According to you, what issue is it that prevents this situation from improving?

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What we have mainly been calling for is more transparency and better budgeting. The issue at hand is really just a budgetary one. The government and everyone else all agree on the fact that we want our healthcare system to be on level with the Scandinavian countries. However, not later than this January, we published a paper about the introduction of new cancer medicines between 2013 and 2016. 25 in total have been made available for the Northern European market. Of those, 24 have been introduced to Norway, 22 to Sweden and Denmark, 17 to Finland, but at the time of publication only eight had reached the Icelandic market.

This problem in budget consistency is best illustrated by what happened after the election last October. Before the election, every party proclaimed that healthcare would hold the first place on the podium of their priorities. A promise like that calls for consistency. Then, this January, the healthcare budget that had been approved by the government at the end of 2016 was way out of line with the foreseen 2017 pharma-expenditures, that it would not cover the bills after August 2017. In February, the government secured more funding for the 2017 pharma-budget, but we still have to see if it is sufficient.

What solutions do you think would help solve these issues?

An idea that is often brought to the table by the authorities is to create a tender of hospitals from several of the Nordic countries. They argue that a united voice would have more weight when it comes to negotiations and would help to overcome the issue of the market being too small. We approach the idea with great caution, as we fear it could backfire and severely harm the service to the fragile market.

Even so, in the end the main problem remains the availability of an adequate budget. The willingness for a better budget allocation for healthcare has to be present within the government, or else things will not change.

You mentioned even general access to healthcare as one of the biggest challenges Iceland is facing. What simple solutions can be implemented to improve the people’s access to healthcare?

We are a nation that has a rather high standard of living, Iceland is a country rich in resources and our people is well-educated. Therefore, the population does of course demand a very good healthcare system with a good access. Simple steps can be taken in order to ensure such access. One is telemedicine. With remote diagnosis, physicians in isolated areas can seek help from specialists in Reykjavík. Moreover, this system can be extended to encompass not only doctors in Iceland, but those of other countries struggling with similar access hurdles due to geography, such as Norway.

What are the unique characteristics and advantages of the healthcare system in Iceland that make it stand out?

The most notable point of differentiation of the Icelandic healthcare system is its size. It is truly very small, which entails the advantage that it is easy to reach your target contact. If for example you need a specific permission, finding and contacting the person in charge is fairly simple.

Besides, Iceland is a perfect testbed. Because of its small size there is only one national hospital and one national university that are very tightly linked. Likewise, there is only one blood bank. Consequently, companies do not have to deal with complicated procedures when they come here to conduct tests. This is why companies like Gilead conduct their tests here and several other conduct clinical research in Iceland.

How can the attractiveness of Iceland be improved further?

We need to find new levers to broaden the spectrum of our competitive advantages. I believe that, in order for Iceland to be a magnet for research and development (R&D), initiatives in the tax system in that regard would be very beneficial.

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In Iceland, the government has been talking much about investing in R&D related industries to boost them. Nevertheless, I feel that when the talk is about R&D and innovation, they think of fishing, geothermal and tourism only. Somehow, they seem oblivious to the fact that the pharmaceutical industry is by far the industry in the world investing the most in innovation and R&D when considering the percentile share of turnover allocated.

How has the relationship with the European Union been of benefit for Iceland?

Overall, we have, as a country, really benefited a lot from our relationship with the EU. We have for instance been very fortunate with the European Economic Area Agreement. In many ways, we have

been given free access to the European market and our voice has always been heard. I myself worked in Brussels as a representative of Iceland for the EU. There I witnessed first-hand how easy it was for me to make my country's interest heard, no more difficult than for any bigger nation.

What role could and should Iceland play in the overall European healthcare market?

Iceland has the potential to become a centre of R&D in Europe, a testbed for companies. Our population is very concentrated around Reykjavík, and our people is a well-educated, lively one. We already have state of the art infrastructure and are geographically very strategically located. Our geographic position between America and Europe is the icing on the cake, making Iceland into the perfect place to install R&D facilities if you plan on accessing both the North American and the European market.

What is your outlook on the Icelandic healthcare system?

I am optimistic, that we will succeed in meeting the challenges that we are facing. The government has put healthcare at the forefront of its agenda and I am confident that we will soon see changes towards a better investment strategy from their side. All in all, we are a well-off society in which everyone agrees on the fact that we want a better and sustainable healthcare system.

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