Interview: Henk Meertens – Vice President, Benelux, Central Europe, Greece & Israel, Medtronic



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The VP of Medtronic's Benelux, Central Europe, Greece and Israel cluster highlights the global medtech giant's efforts to position itself as the partner of choice to tackle prevailing global healthcare challenges.

Medtronic is famous for the concept of "*value based healthcare*". Medtronic's global CEO Omar Ishrak recently said that it is about "tying clinical value and economic value of medical devices together". How can that be done?

We believe that many healthcare systems operate very inefficient today as they are based on pay for service vs. pay for outcome. Actors in the healthcare systems are paid for treating patients, not necessarily for being efficient and ensuring outcomes that patients could reasonably expect, given their medical condition and available medical technology. Value-based healthcare is about addressing the inefficiencies we see in the system. There must be incentives for professionals to seek efficiencies and act in the interest of the patients, rather than solely focusing on the treatment.

When it comes to our devices, we need to continue making them better and easier to use; we also want to ensure they improve clinical outcomes as well as the cost efficiency. Examples of this could be extending the longevity of battery powered devices or products which reduce infection risk.

A key future trend will be to dispatch patients from the hospital as swiftly as possible. Monitoring of chronic care should preferably be done as close as possible to the home of the patient. To address

this need we offer monitoring devices and services.

Our Value-based healthcare approach goes beyond medical devices. A key element of this is our collaboration with healthcare stakeholders. One example is the “cardiovascular street” we introduced in the Netherlands. This cardiovascular street optimizes the diagnostics care pathway of the patient, reducing numerous visits with various specialists over the course of weeks and months to a structured process requiring two hours and only one visit. This concept can be also applied outside of the hospital.

I am convinced that if you want to be excellent, you need to decide on what you want to focus. Today, I see hospitals that aim to do everything and adopt a generalist approach. I believe hospitals should make a choice in what they want to excel. As a company, we manufacture products or provide services; we standardize our processes and measure outcomes to improve efficiency and quality. These standardization and improvement processes simply do not exist in healthcare today. Physicians do what they are trained to do; recording, sharing and learning from data are unfortunately not always part of today’s healthcare system and mind-sets. The question at hand is therefore whether we should continue as we operate now or whether we should look at value-based-healthcare as a new way of clinical collaboration; thus allowing the development of solutions which deliver better patient outcome while driving cost efficiencies, and in turn, addressing today’s societal needs.

We furthermore witness that patients increasingly demand ownership of their healthcare, depending on how much they are exposed to the internet and their knowledge of healthcare. The time when patients only listened to their physician are changing. Our system today is still based on what the physician defines as a good healthcare outcome and not the outcome the patient is expecting. For instance, a surgeon may call his surgery a full success whereas the patient may be very unhappy with the side effects. I am confident that in the future patients will have a larger say about what they expect in terms of outcome from a certain therapy and they will want more choices in terms of hospitals, treatment options etc.

A consumer driven trend one can see in the Medical Technology industry seems to be to provide integrated healthcare solutions rather than just a product. How does Medtronic positon itself towards this trend?

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We identified this opportunity several years ago, when a hospital approached us to help them with some of their clinical and operational challenges. As we have strong expertise in lean manufacturing, six sigma and driving operational excellence, we started to apply this expertise in order to help our clients. This has led to the creation of our Integrated Health Solutions (IHS) business. This business unit focuses on collaborating with hospitals to find ways to run the Cathlabs

and operating rooms more efficiently, improve clinical outcomes, apply best practices and outsource activities which are not core to their clinical responsibilities like material management. This business unit also provides consulting services to optimize patient care pathways within the hospital. In one of our IHS projects we did an assessment of one single indication, with a total of 400 patients treated, and we identified that the hospital used 180 different care pathways to treat them! The hospital management and staff were very surprised by these results. This is a good example of opportunities which can improve the care pathway in terms of effectiveness and efficiency.

Our IHS partnerships underscore Medtronic's commitment to develop innovative services and solutions which create efficiencies, address costs, improve access and outcomes for patients.

Some commentators claim that rules and regulation are not able to keep up with the possibilities resulting of big data usage for integrated health solutions. How would you assess the regulatory environment surrounding this topicality?

Healthcare is still seen as a government responsibility in many countries. Todays' regulations often limit opportunities to innovate healthcare via private or public-private partnerships. The regulatory framework still poses significant challenges, especially considering data privacy regulations. The current regulatory environment slows down the advancement of opportunities surrounding the collection of data that would in turn improve clinical outcomes, drive cost efficiencies and improve patient satisfaction overall.

Physicians need a complete picture of the patient's healthcare dossier and often do not have access to it. This is where governments can help; they need to regulate how to make data available, while ensuring that these data do not end up on the street. The patients should be able to decide to share their data with physicians, by having access to their complete file and having a key to release this data to the physicians. Patients cannot be expected to remember their complete medical history and implementing such a regulatory framework would provide a huge opportunity to improve patient safety, clinical outcomes and cost efficiencies.

How does Medtronic prepare and position itself towards the discussed trends?

We have achieved a lot with our IHS business unit in recent years. Medical professionals know and trust us, which has been instrumental to collaborate in improving cost efficiencies and the clinical outcome of healthcare. This has resulted in a business unit that now serves over 110 hospitals in EMEA.

During the last two years, we have launched two innovative integrated practices. The first is Diabeter, a group of clinics focused on type one diabetes patients covering the entire patient care pathway: diagnosis, treatment and follow up—the follow up is extensive and goes on for years. Based on their diagnostics, the physicians provide the most appropriate clinical treatment. The

therapies provided by Diabeter are also monitored electronically; so physicians can advise and engage with patients remotely to improve clinical outcomes. This increases patient satisfaction immensely, as the impact of the disease on their daily lives is reduced. Less hospital visit also reduces healthcare costs.

Our second integrated practice focuses on obesity. This obesity clinic also covers the complete patient care pathway, including a psychological assessment to select patients willing to change their behaviour before and after surgery. In the past, many patients fell back into old behaviours, which significantly decreased the clinical benefit of the surgery. Our practice includes motivation through strong post-surgery engagement, as these patients really need to change their lifestyle. Both examples perfectly showcase the innovative concepts that reduce healthcare costs while improving patient outcome; these are the kind of concepts we are focusing on.

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What makes you the right partner for the different stakeholders in the healthcare system?

I recently participated in a meeting with representatives from a hospital where we presented Medtronic as a possible partner to help them solving their problems. Prior to that presentation, they did not even consider Medtronic as they only saw us as a medical device supplier. That shows that we still need to spread the message that we are more than just a medical devices provider that we are serious about value-based healthcare and want to be a part of the solution. That being said, we cannot achieve this independently but need to collaborate with the different stakeholders in the local healthcare systems. I am convinced this can be achieved by coming together, discussing the challenges at hand and exchanging each other’s perspective.

In all our partnerships with healthcare providers, the physicians remain in charge of the clinical decisions and therapy solutions without any kind of influence from our side. Our focus here is on optimizing clinical processes and cost efficiency. In addition, we need to make sure we continue to develop product solutions that address the clinical needs of the physicians and the needs of the patients. We want patients to be able to choose the hospitals which will provide the best outcome. A certain level of competition between hospitals is healthy—this will lead to more specialization of hospitals, better outcomes and efficiency.

We are not yet recognized as a partner for all of these developments. However, I am confident that by collaborating with a growing number of hospitals in these areas we will not only learn and improve, but also be recognized as the partner of choice on the journey towards value-based healthcare. Today we are looking at improving clinical outcome and focusing on cost efficiencies. Going forward we will expand clinical outcomes from what physicians expect to what patients expect. We will transition to payment for healthcare outcome rather than service delivery. It will be

a long and challenging journey, but a very exciting one.

Medtronic chose to set up its EMEA headquarters in Switzerland and you are the Vice President of one of their clusters, comprised of the Benelux, Central Europe, Greece and Israel. Could you please share with us the rationale behind this grouping?

At Medtronic EMEA region, the larger countries have their respective country managers reporting directly to the Medtronic's EMEA president. In addition we have three regions which are the clusters of the smaller and medium sized markets. The benefits we see in such an organisation are related to managing span of control and the ability to leverage country infrastructure. Within the cluster and countries, we then drive a combination of business leadership and country leadership. The business leadership focuses on developing patients' access to therapies, launching new products & services etc. Even in the EU, healthcare is still very much country regulated, requiring country solutions. This is where the country leadership brings in the local regulatory, reimbursement expertise and relations with key healthcare players. Combining both, our matrix organization allows us to drive a strong development strategy customized to local needs.

What are some of the opportunities and challenges of being responsible for such a diverse and vibrant region?

The coordination challenges are not so diverse as the dynamics the countries face are quite similar. First: an aging population with increasing life expectancy resulting in a significant increase of chronic diseases. Additionally, these countries see a low single digit GDP growth which will most likely not change, given the demographics. This will result in an increased demand for care, and financing this demand will be a significant challenge. Finally, healthcare systems are very siloed with misalignment of incentives for providers and care givers. That encourages different stakeholders to drive volume vs. outcomes, making efficiency improvements quite challenging. The intensity of these dynamics might be different in each country but they apply to all of them. We also realize that what got us where we are today will not drive our success going forward. We need to drive innovation to find solutions for the upcoming needs. Technology innovation will remain important, but will not be enough for the healthcare challenges we see and anticipate for the future. To achieve this, we need to keep building partnerships within the healthcare community and collaborate to create the best solutions. Our local presence in most of these countries will allow us to address these changing needs. We will go Further, Together.

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