

Claude Le Pen - Healthcare Economist, France



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Claude Le Pen, a prominent healthcare economist and consultant for IQVIA, shares his view on the state of French and European social dynamics today and outlines the key trends shaping France's healthcare and life sciences sectors.

How do you see the current condition of stability in France and Europe today?

As of today, I have seen over the past years a major rise in uncertainty. The future has never been as unpredictable as it is now, which can be seen through the political instability in situations like Brexit, a strongly nationalistic government in Italy, the future of Germany after Chancellor Angela Merkel, the Catalonia issue in Spain, and the yellow vest movement in France. This can be expanded globally to many countries in the world like the US, Venezuela, and Brazil.

There is a huge gap between the elite and the rest of society, a level of inequality we have not seen in a very long time, which is resulting in extremist political movements and a rise in regionalism. There is no longer a notion of social class or unified political movements, we have entered an age of individualism in which the motivations in society that exist are for quick results in each person's own condition. This is a political movement - which is not really a movement in fact - based on frustration, impatience, and disappointment in societal leaders. What the population wants from politics is an improvement in daily life rather than an ideologic circumstance.

What have been the major evolutions in relation to the French healthcare system in recent years

The intent of the government to transform the healthcare system is a step in the right direction. However, there are several problems in the French healthcare system that must be addressed. One example is that healthcare professionals are concentrated in urban areas, creating a discrepancy in the supply of care and a demographic shift of doctors. There is a new generation of physicians who want to be salaried employees in medical centers rather than be devoted to opening their own practices and improving medical desserts. Today's young generations are scientific, and data focused rather than building on the equally necessary human aspect of the profession.

Despite challenges like this one, the Macron administration has taken action in an attempt to reform health by 2022, through the "*Ma Santé 2022*" plan (My Health 2022). Part of this initiative is the establishment of the Territorial Professional Health Communities (CPTS). The CPTS will act as the primary care structural plan to better meet the challenges of the organization of pathways and promote outpatient care. The administration's vision is for France to be structured around at least 1,000 CPTS with incentives for doctors to enter into the communities and create an ecosystem with all stakeholders to better organize treatment activities.

Above this, there is a goal to create between 500 and 600 small hospitals throughout France to meet the needs of rural populations. In France, the hospital sector is a challenging topic. On the one hand, there is a movement to close them because of the inability to meet activity targets but on the other hand, patients want to have easy access to health centers. Therefore, I believe the solution should be to accredit existing hospitals with this "small hospital" status for the specialty treatments of areas such as elderly care and non-major procedures. These small hospitals should play a critical role in easing the pressures on that are being faced by their larger counterparts.

How else can the current healthcare system be made more efficient?

There are two angles to approach this; purely price efficiency and structural efficiency. There is an idea that by improving efficiency through structural measures, we will relieve the search for efficiency through price and budget. Improvements in the operational management will eliminate the needs for budget reduction and cost-cutting to the health system. This is a conscious acknowledgment of the administration and they are looking to contain the estimated 30% of

treatment actions in hospitals that are considered useless or redundant.

Another area for improvement is the compensation packages for health professionals. For example, there have been some preliminary trials to analyze the impact of transferring risk to healthcare providers. If an operation fails, the surgeon will have to reduce the cost of the procedure at their own expense. The idea here is to shift from fee-for-service to pay-for-performance.

Overall, the ambition is to implement changes to the healthcare system with concrete goals at each level of the system. Additionally, there is an intent to integrate and create links between stakeholders by developing telemedicine and digital communications.

What impacts has the pro-business Macron administration had on the pharmaceutical industry?

It is true that the new administration has a business positive attitude and the comments delivered by Prime Minister Edouard Philippe at the 8th meeting of the *Conseil Strategique des Industries de Sante (CSIS)* (Strategic Council of Health Industries) were well received by the industry. This year, there was a subtle change with a focus being put on market access and pricing schemes. The strategic deal of the government has been to retain price control while in exchange facilitating access to innovation.

Politically, there was an understanding that the necessary theme of market access was both pro-business and pro-public-opinion. This was a strategic move to cater to two different stakeholders simultaneously. Budget restraints and price cutting were still disappointing to see from the industry perspective during the last budget of the PLFSS (Social Security Bill), but nevertheless, this is a positive sign for collaboration between the government and pharmaceutical players.

What are your expectations for the industry moving forward?

In 2018, the market has expanded by about two percent, better than the negative growth of before, but this is only for a structural reason because of the movement of some hospital only drugs to pharmacies. Overall, the market is stagnant, and we have a surprising crisis in self-care; the auto medication market is declining in France. This was a trend we did not expect to see, and it is not clear as to what has caused this five percent decrease.

In regard to the generic market, the rate of penetration is flat without any developments. The government has made some claims to put an increased priority on generics, but in general, the generics policy in France is rather ambiguous. At the pharmacy level, generics can be substituted for prescriptions but only if the product is in the determined repertoire. One-third of drugs distributed in community pharmacies are prescribed at the hospital level – usually for very expensive drugs – and pharmacists are often hesitant to substitute generics in these instances. In France, the penetration rate lags behind the 80 percent penetration of the US, but still remains healthily at about 50 percent.

What is your assessment of the biosimilar environment of France?

Biosimilars have been a big success in hospitals but have struggled in the community pharmacy space. When biosimilar products are available on the market they are widely used and have achieved nearly EUR one billion in turnover in the hospitals. After going through the public tender, these drugs can take up to 50 percent share in the market quite quickly, especially in areas like oncology.

However, there is an issue in the valuation of biosimilars in France. The developmental process is the product and the manufacturers are taking large risks in pursuing biosimilars. Therefore, it is fair that the drugs are not to be discounted by more than 30 percent, but we currently see a discount of approximately 60 percent.

Biosimilars are still a new concept in France and are therefore not well known by patients or often substituted by pharmacists. Several years ago, the government passed a law to allow pharmacists to substitute biosimilars for a prescribed drug, but in fact, the decree was never published, and the law was not applied. Therefore, pharmacists today do not have the right to take a brand name prescription and distribute a cheaper biosimilar. Doctors must write the name of the biosimilar in order for it to be prescribed, but there is a lack of communication efforts resulting in a scarcity of use.

What concluding words do you have to deliver to the healthcare and life sciences sectors?

France is a very complicated environment and the bad image that the pharmaceutical industry has among the public is a reality that must be considered. When the government comes together with

pharma players this interaction is taken very negatively by society. I believe that the companies should stay focused on creating new and better drugs to portray their commitment to the patient rather than worrying too much about PR campaigns to improve their image. However, a balance must be struck to ensure that such connotations do not impact the condition of public health.

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