Marcel Plattner – President, vips, Switzerland



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Marcel Plattner, president of Swiss industry association vips discusses pricing, market access and innovation, as well as the continuing attractiveness of Switzerland as a pharmaceutical investment destination.

What is the role of vips as a Swiss pharma industry association relative to the other big association like, Interphama?

vips and Interpharma do similar things and work towards similar goals, but with different areas of focus. The latter one, Interpharma represents the 20 largest pharmaceutical companies in the world whereas vips represents 71 companies with a very wide range of business models, from biotech start-ups up to international companies such as CSL Behring, Fresenius Kabi or Baxter. The vips members are typically companies that distribute and produce basic pharmaceuticals, developed on existing products as well as new the therapeutic options.

At vips, our focus is on the Swiss market and issues such as market access and pricing, while Interpharma has more of an international business perspective and supports its members in exports etc.

What is the narrative around pricing in Switzerland today? Given that there is no economic crisis, what motivation does the government have to negotiate prices for existing products?

Switzerland has the same issue as other European countries: the cost of healthcare is rising every year. The government has the impression that they should reduce the amount paid in all areas, not only for doctors or hospitals, but also for pharmaceutical products. The idea is to have a price level no higher than the European average; a concept that, I think, is completely absurd. The concept of a symmetry of sacrifice is absolute misleading.

Currently, prices in Switzerland are close to the European average for both innovations and off-patent original preparations. Prices for generic medicines in Switzerland are above the European average, which is why the government has initiated discussions on a reference price system similar to that in Germany.

Such a system would be unacceptable for vips and for the entire Swiss pharmaceutical industry. Lowering prices in Switzerland down to the European average or lower would have a huge impact on the industry itself and, ultimately, on patients. In the last three to four years, companies have already begun to withdraw certain products from the market, as a result to this government price pressure. This has led to a dramatic increase in drug shortages.

In the last six to seven years, there has been a price cut of CHF 1 billion (EUR 0.93 billion) in pharmaceutical products on the Swiss market, which represents roughly 20 percent of market value. Switzerland is a comparatively expensive country where people earn high salaries and pay high prices for goods and services. The continued pressure to reduce the prices of medicines will lead to even more companies taking non-profitable products out of production and creating further supply issues.

In the coming weeks, this topic of pricing will be discussed in the Swiss Parliament, and a second discussion will follow in 2021. I expect a clearer picture to emerge in the next couple of years.

What solutions are you proposing to end this impasse on price levels?

vips is in discussion with all stakeholders to strengthen the attractiveness of the Swiss market. It is essential to ensure that existing companies are preserved and to create an inviting environment for new market entrants.

Switzerland remains an interesting business location for pharmaceutical companies, but attractive conditions must be maintained both for the large pharmaceutical companies – which are well established in Switzerland, but for which the Swiss domestic market is not so important for their total turnover – and for small and medium-sized companies that produce and distribute pharmaceutical products.

Might COVID-19 make Switzerland rethink where its basic medications are produced?

The discussion in Switzerland is similar to elsewhere in Europe. At the political level, it is a question of bringing production back to Switzerland. In my opinion, this is a valuable discussion, but the first priority should be not to relinquish the production of medicines, which already exist in Switzerland. If we ensure that existing companies stay here, then we can move on to the second step and try to produce more.

The recently released 7th Benchmark report by Swissmedic still show a relatively slower speed for approvals for innovative new products than the EMA and FDA. As 2019 has been the first year the New Therapeutic Products Act reform has been operational, how does vips sees such reform – and can it be a real game changer to ensure innovation uptake matches similar modern economies?

The market access process in Switzerland has been slower than in the EU. Regulatory changes since 2019 have led to incremental improvements in terms of market access times for certain product types, including fast-track approvals, an area where Swissmedic is working well.

Another area, which has improved, is the authorisation of well-known products related to an existing EU authorisation, known as Article 13. An update, known as Article 14, was published in 2019. vips does not foresee much impact from this new regulation, as only a few companies have tried to obtain a product approval in this way. Overall, although some issues remain and some fine-tuning needs to be done, Swissmedic is improving in terms of speed and is moving in a good direction.

Biosimilars were only approved in Switzerland in 2019, why is Swissmedic so surprising slow compared to other regulators?

There are various factors that play a role here. Firstly, when companies want to launch a biosimilar on the European market, they tend not to start with Switzerland, but instead start with the EMA first, due to the comparative market size of the EU. Moreover, until 2019 in Switzerland it was possible to obtain an authorisation on the basis of Article 13, so companies had to make a full registration. However, this can now be done on the basis of an existing registration from another country, which should speed up the approval of upcoming biosimilars.

Biosimilars are always under discussion, both in terms of their impact on the healthcare system and their role in reducing costs compared to the equivalents of biological originals.

Switzerland still ranks first on the global innovation index but has fallen to fifth in terms of competitiveness and has also dropped two places in the global IP protection rankings. Is this of any concern to vips and its members?

We are happy to be first ranked on the innovation index, which remains the most important indicator for Swiss pharmaceutical companies and their strong tradition in R&D. However, because we are so innovative, we must ensure that we do not make any mistakes in terms of IP rights and that the innovation generated by our companies remains protected. This is a topic that always comes up when we discuss with stakeholders and it is of vital importance for the future of the Swiss pharmaceutical industry.

Why does Switzerland remain an attractive pharma market and how can its future attractiveness be ensured?

Firstly, Switzerland is still a great place to be for pharmaceutical companies. We have good talented people and the ability to attract more international talent thanks to our innovation ecosystem and high standard of living. Moreover, with so many innovative companies already established here, people working in Switzerland have the opportunity to work in and move between companies.

It is more difficult for companies looking for a market for the basic medications to come to Switzerland, but there are always opportunities here. I would be more than happy to support companies thinking about an entry in the Swiss marked.

Switzerland must ensure that the attractiveness of the domestic pharmaceutical market is preserved. We have lost some ground in the last few years, but I am convinced that it will be possible to rise up again in the future. In this country, we are constantly in discussions to find solutions and compromises between all the stakeholders, and I am confident that these will be found.

However, we have to be very careful to have enough products for the future and that we do not fall to a level that is too low for the Swiss market. The inhabitants of Switzerland have already indicated that they would even be willing to pay slightly more for products as long as they have the certainty that they will remain available on the market.

In what direction would you like to see a shift in mentality regarding healthcare and pricing?

There needs to be a change in mind-set away from limitation. Healthcare costs are rising and the political response is to reduce the number of doctors, limit the hospitals, and cut prices. This is not a sustainable solution for the rising costs. Instead, a much better way to create an economically sustainable healthcare system would be to check which elements or products in the healthcare system are scalable and then support them. We need a holistic view and look at the entirety of costs and patient outcomes, rather than only the cheapest price at the beginning.

For example, stepwise innovation can be done on existing medications. A new product that allows the patient to inject themselves at home rather than going to the doctor once a week may cost more in itself, but would save money in terms of total costs. Moreover, an effective therapy for COVID-19 could be said to be worth CHF 50 billion (EUR 46 billion) – the amount that Switzerland has spent on supporting its economy during the pandemic. These are the things we must keep in mind. Medication is usually the cheapest option among others even it has its price.

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