

# Interview: Carlos Estrada - General Manager, Roche Colombia

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*Spearheading the Colombian affiliate of the global leader in oncology, Carlos Estrada, General Manager of Roche Colombia shares his insights on the profound transformations of the Colombian healthcare system. He speaks about achieving optimal equilibrium in the system, the exciting pipeline ahead for Roche, as well as their strategies to do now what patients need next for growth as advanced by science.*

**Mr. Estrada, after spending approximately two decades of your career abroad, how do you think the Colombian healthcare landscape has transformed since you returned to a role in your native country?**

The transformations have been generally positive. Over the course of the last 25 years, the Colombian healthcare system has shifted from a system with very low coverage to a near-universal healthcare coverage. Approximately 97 percent of the population is covered. The remainder are generally not covered solely due to geographic reasons. Moreover, the level and quality of benefits and therapies included are increasing year by year, thus increasingly providing more access to innovation for patients. However, this growth had also set an impetus for more financial burden in the system, which is the primary challenge in the system today.

The healthcare expenditure in Colombia is around 6.8 percent of GDP. The global systems that compares to the dynamics of the Colombian system spends around nine to 11 percent of their GDP in healthcare, therefore it is inevitable for financial stains to ensue. On one hand, the system has evolved positively as it had provided more access for more people, however, in the last two to three years, the situation has also aggravated due to budget problems. Nonetheless, the Colombian

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healthcare system still ranks among one of the best in Latin America.

Exacerbating the issue is the paradox of the fact that it is a privately managed system with public funds. This contrasts starkly with similar healthcare systems in Europe wherein public funds are also managed by a public system. Therefore, there is no conflict of interest of private companies interested in achieving in their own commercial goals. In Colombia, this inherent contradiction creates a short-term view in implementing solutions. For example, the system itself might opt for solutions that are financially beneficial in the short-term but is also disadvantageous in the long-run.

One of the most important things in treating a disease is proper diagnosis. When a healthcare system is anchored on the idea providing diagnosis at the lowest cost, the patients are not necessarily ensured the best diagnosis. When a patient receives a false positive or a false negative diagnosis, the system is both wasting funds and compromising the health of the patient, which will bring a reoccurring problem in the system.

**In the last four years, the healthcare landscape has undergone a transformative period to address its financial challenges – the biosimilar decree in 2014, the Statutory Health Law in 2015 and the abolition of the POS in 2017. How would you assess these reforms and their impact on the landscape?**

The reforms have been both their positive and negative aspects. The Statutory Health Law is impressive as it provided healthcare as a fundamental right for patients. On the other hand, this law has caused even further strains in the budget. In regards with the biosimilar decree, it is a well-intended decree based on the premise of providing more options for patients. However, the industry overarching concern is the fact that this regulation opened a third path that may allow products that do not meet quality and safety standards into the country. Overall, the general sentiment of the industry for biosimilars is positive, if they can prove their safety and efficacy. Any product that cannot prove that should not be allowed to treat patients. Regulations are advantageous when they can create a framework that can prove the safety and efficacy of products for patients.

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The idea behind the government's measures were essentially to instill measures to get organized and track the products that are coming into the healthcare system. The abolition of the POS is fairly new and therefore it would be premature to assess its impact in the long run, but this decision falls perfectly in line with the Statutory Health Law. Currently, it is replaced by a software system called "Mipres" for physicians to be able to enter their treatments into an easily accessible database. The general sentiment is that we are currently in a transitional phase and we remain optimistic of their impact to the system.

**In your opinion, what do you believe is the optimal equilibrium between protecting commercial interests for the pharmaceutical companies and propelling innovation in the healthcare landscape as a whole?**

As a company that is anchored on innovation through research and development, we as Roche believe that all these reforms are essentially intentioned to improve access to healthcare to the general population. While Colombia takes pride in its universal coverage, there remains a discrepancy between coverage and access, due to multiple different variables. The critical point remains in the fact that we need to be able to provide the right treatment at the right time, which necessitates innovation. As a company, we believe that in order to improve access, all stakeholders need to be involved. It is not the responsibility of one or two companies, but of all the stakeholders in the system. It does not fall on one particular actor in the system, but of all.

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**When you assumed the position in 2014, one of your mandates was advancing the state of personalized medicine. How has the concept of personalized medicine been received in the country?**

The concept has been received well, and has further advances through our participation in forums that pertain specifically to this issue. The more important element in having this well received is that fact that more stakeholders in the system are understanding the value that patients need to be seen and assessed as individuals, as opposed to merely belonging to a category of the disease. It is also becoming more understood that personalized healthcare brings holistic benefits to everyone in the system — from patients, physicians, companies and stakeholders alike.

We already have products in Colombia that falls in the personalized healthcare area. There are products that have specific diagnostic tests that are now available in the country today because the concept is starting to resonate to everyone that personalized healthcare is, indeed, the future of medicine.

**In regards with your portfolio in Colombia, what are some of your key growth drivers, and what are some new products in your pipeline?**

The portfolio in Colombia is predominantly in oncology, which constitutes 60 percent of our business. Roche is renowned globally for our focus in oncology. Many of the products in the pipeline today are developed through the concept of personalized healthcare, in order to develop diagnostics and tests that also ties into the treatment. The other growth drivers are in immunology. Moreover, we also have products that cater to specific diseases such as cystic fibrosis.

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The portfolio moving forward will still be primarily anchored on oncology, with exciting new products in the pipeline. As a leader in oncology, it remains a pillar for us to have a continual focus on oncology. Nonetheless, we are also planning to diversify some of our portfolio to cover areas such as hematology and the central nervous system. We are very excited as a research company as we are planning for four to five new launches in the next few years.

**Globally, Roche re-invests almost 25 percent of its revenue to R&D. How important is R&D for the Colombian affiliate?**

The Colombian affiliate is very active in participating in clinical trials. We invest close to 1.2 million USD into research and participating in different clinical trials, especially in regards with our new molecules. We believe that clinical trials are fundamental for our business, but we also believe this is an opportune way for patients to access innovative treatment, who might not otherwise be available to avail them. Our research and development strategy is aligned to the global milieu, commensurate to the size of the affiliate.

**How important is Colombia to overall Latin American operations?**

In the region, we rank as the number four affiliate. We are a relevant affiliate given that Colombia's population also ranks at number four or five in the region. Furthermore, Colombia has also a very particular healthcare system, with a gradually more stable economic growth.

**In 2016, Roche reported a successful total of 40 billion USD (39.1 billion CHF) in pharmaceutical sales, with a three percent increase from the figures of the year before. How did the Colombian affiliate perform?**

2016 was a tough year for Roche as we are comparing it to a reference point of double digit growth in the last few years. In the pharma side, the company grew by seven percent that year. Overall, as a corporation, the growth was 4 percent. It was a challenging year primarily because of the budget and cash flow concerns within the system. In 2016, one of the biggest EPS in country was declared bankrupt which created a difficult situation for many companies in the industry. Given the circumstances, seven percent is a commendable growth, especially when analyzed in reference to the economic growth of the country.

**As Roche continues to focus on “doing now what patients need next,” how are some of the measures it has taken to build a strong rapport with physicians, researchers and other key stakeholders in the country, in order to continually change patients’ lives as driven by science?**

In Colombia, there are key pillars in which we direct our operations. Our first pillar is based on innovation, which entails the development of the products in our pipeline and setting the new standards of care for the benefit of the patients. Our second pillar involves access both within and outside of the healthcare system. We believe that innovation is futile without access, so this pillar addresses the issue in a multifaceted perspective. Moreover, we also prioritize building a strong rapport with all stakeholders in order to break barriers in regards with access. Thirdly, our third pillar is our people, which means that we want to foster innovation through an environment of diversity and inclusion. Lastly, we have a pillar anchored on a very strict compliance framework. We work closely with our network of doctors and medical practitioners to continually ameliorate the state of diagnostics in this milieu.

**With three years of leadership at Roche already under your belt, what are your strategic priorities for the next three years, perhaps to 2020?**

The key priority moving forward is to develop a strong and robust pipeline. A second priority is to continually improve access in Colombia. Thirdly, another priority is to continue fostering a good environment of diverse people within the company that are united with one coherent goal.

This year, Roche celebrates its 60<sup>th</sup> year in Colombia and we hope to continually service the patients here for 60 more years. Our goal is to continually deliver “what patients need next” through innovating solutions that allows people to have healthier lives.

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