

# Interview: Claude Le Pen <sup>â??</sup> Consultant, IMS Health, France

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*A leading consultant to IMS and Professor at Paris Dauphine University reveals how the French healthcare system is moving in two main strategic directions: increasingly relying on private funding through complementary health insurance, and breaking with the egalitarian principle that everybody should be reimbursed to the same extent irrespective of income. He also talks about why biosimilars are a new paradigm that can make a key contribution with regards to French healthcare cost control and to the funding of coming costly innovation.*

**You have said that the world is growing, Europe is stagnating and France is down. Can you explain what you meant by this statement?**

Europe is stagnating and France is bringing the continent down. France has entered a period of slow growth, something which will last for a while. The key for France is to adapt its social system to such a period of low growth. We need to find new resources, new ways of delivering healthcare, without reducing the level of care on offer to the patient. Traditionally, our healthcare system has been based on economic growth. The system was built on what we refer to as the 30 glorious years we experienced from the mid-1970s onwards. Today we have both expanded healthcare needs, notably with an ageing population, and reduced resources. The key will be to manage these developments.

**What do you see as the main trends in the French healthcare system?**

The French healthcare system is moving in two main strategic directions. First, we are increasingly relying on private funding through complementary health insurance. In France we have a two tier healthcare system, a private system alongside a public one, with 98 percent of the population being covered by both private and public insurance. Increasingly the private health system will enter the public domain. It will no longer be seen as complementary health insurance but basic insurance. We will see an integration of the French healthcare system, with a public system for emergency and costly care, and a private one for other types of care. We will have a more egalitarian level of care, covering most hospitals and costly diseases, and for all other issues people will rely on private

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coverage. This will take place without transferring the governance of the system. The state will regulate the private health insurance to ensure that there is equal access among patients. Starting from January 1<sup>st</sup> 2016 there will be a new law which will make it compulsory for all companies to provide all employees with a basic level of health insurance, irrespective of the size of the business. We are creating a second universal level of healthcare, but this time it will be private.

The second big strategic shift we are seeing in France is a break with the egalitarian principle that everybody should be reimbursed to the same extent irrespective of income. This has already started with family pensions where for the first time it has been made income dependent. This is a substantial shift, driven not by ideological reasons but by economic ones.

**In July 2015 it was announced the total pharma market in France was down by 1.1 percent. This level of negative growth was still better than those of previous years. What factors explain this slight turnaround?**

The differences over the last few years are only marginal. The pharmaceutical retail market in France is down and we expect that this will remain the case next year due to price cuts. The hospital market is also declining. If you remove Gilead's hepatitis C product Sovaldi from the equation, the market experienced negative growth.

**Are there reasons to be optimistic?**

There are reasons to be more optimistic! In the early 2000s we were able to finance the first target therapies due to generics, providing savings that helped to finance new innovations. The biosimilar revolution currently underway can provide some substantial savings. A biosimilar is a biological medicine that is developed to be similar to an existing biological medicine. Biosimilars are not the same as generics, which have simpler chemical structures and are considered to be identical to their reference medicines. When approved, a biosimilar's variability and any differences between it and its reference medicine will have to be proven not to effect safety or effectiveness. It is an emerging field with tremendous potential across the entire world. With a number of products coming off patent in the next few years, the competition around price will be fierce. It is difficult to estimate the exact amount of savings that can be made through biosimilars as it is not a stable market. Nevertheless, we have estimated that biosimilars could save France between 500 million and 1 billion euros by 2020. I am convinced that biosimilars are a new paradigm. They are not innovative products, nor a generic or OTC product, but an entirely new business model. Biosimilars can make a crucial contribution to healthcare cost control and to the funding of coming costly innovation.

**What is the state of medical technology industry in France?**

In medical technology we are lacking in leading French companies. We have quite a substantial number of small companies. The survival of such companies tends to be rather uncertain: they are frequently bought by larger companies and end up moving to such markets such as the US. The key is now to develop such small innovative companies, which tend to be very close to academics, into larger companies that can stand on their own two feet.

**France is still the fifth largest pharmaceutical market in the world, and the second largest in Europe. What are some of the advantages that come with the French healthcare system?**

France has a high quality of medical staff and a strong scientific medical base. France also has good access to innovative healthcare. It would not be politically credible to see a strong reduction in access to medicines. People see it as the job of government to ensure that the latest innovative drugs are made available through the healthcare system. This culture of demanding access to unlimited and universal healthcare, where price is not an excuse, is a considerable asset to France.

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The quality of the people working in our administrative bodies is also extremely impressive. Such people share some common values, linked to the importance of universal access to healthcare. The importance attached to universal access comes not only from the French population as a whole, but the beliefs of this layer of the French administration. There is a relatively homogenous body of civil servants that defend the same principles no matter which political party is in charge. There is a sense of the state, above politics, in France. In the US there is a single world for government, meaning both the administration and the state. In France we take a very different approach. We make a clear distinction between politicians and the state. The future of France is not in the hands of politicians but the upper echelons of the civil service. This can sometimes be problematic given that they are often not very familiar with the private sector and how private companies work. But it also brings with it some advantages, notably helping to guarantee certain fundamentals of the French healthcare system.

**Education and training of young people in the area of healthcare is more than ever a priority in France. As a professor of economic science at Paris Dauphine University, what you see as the key developments taking place in the field of medical training and education?**

What we do at Paris Dauphine University, particularly at Master's level, is to take students from the medical profession and provide them with a background in economics. We have numerous doctors and pharmacists who are interested in understanding the importance of market access. In the future we must try and bring together the education of the different healthcare professionals, to have a common level of understanding. The distinction between different healthcare practitioners, such as doctors and dentists, should be left until later on in the educational system. This will be a notable change to the French system. In France, the social status of doctors remains important, many of them acting as mayors or deputies. Doctors see themselves as actors in the social game, much more than pure professionals devoted to a technical task. This is another specificity of the French healthcare model, which also acts as a means to guarantee the system.

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