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Renan Ozyerli of MSD Turkey provides insights into the transformation of Turkey’s healthcare ecosystem over the past decade, highlighting how MSD works hand-in-hand with the government to broaden access to life-changing innovation. He also pinpoints MSD’s exceptional and enduring commitment to Turkey, which has led the company to emerge as one of the largest investors in clinical trials in the country.

Leveraging your 25 years of experience in the pharmaceutical and healthcare sector, what would you highlight as the most remarkable specificities of the Turkish model of healthcare?

Since the Justice and Development Party (AKP) came to power in 2002, there has been a strong focus on improving the country’s healthcare paradigm, which was previously inefficient, limited and fragmented, with some citizens not being covered at all by any reimbursement scheme depending on their social or professional status. Along with the support of international organizations, the administration has done a tremendous job to merge together different insurance providers into the newly-created SGK and expand the quantity and coverage of services available. This achievement is clear when analyzing the satisfaction from healthcare services reports of 2002, which were around 39 percent, and in the last years increasing to around 75 percent satisfaction. Nevertheless, this satisfaction increase has now reached a plateau over the past years.

This increase in satisfaction has a lot to do with patients now having satisfactory access to physicians and medical services, with the average number of physician visits per person per year almost tripling since 2002. Moreover, establishment of retail pharmacies and Universal Health Insurance enabled wider and broader access to pharmaceuticals. The Turkish healthcare system now stands as an efficient model adopting new advances in digital technologies such as e-prescriptions and newly launched e-diagnosis.

Looking forward, the government is working on the second phase of the healthcare transformation program focusing on improving the quality of services provided to reduce the burden on the physicians in terms of patient numbers, increase focus on treatment targets, and utilization of primary healthcare services in an optimal way.

What have been the main emphasizes of the government in terms of healthcare recently?

The success of the government is a result of remarkable improvements in the provision of healthcare services, which is very highly appreciated by the public.

Over the past years, there has been a particularly strong focus on preventative and primary healthcare; today, Turkey is one of the leading countries in the world for childhood vaccination, with an average coverage rate around 96 percent. Anti-vaccination hoaxes traditionally has not been a major issue in Turkey as in other European countries due to Turkish Ministry of Health's and scientific community's commitment to a robust National Immunization Program (NIP). 13 out of 16 antigens recommended by the World Health Organization are in the Turkish NIP which is remarkable, yet there is still room for further improvement, such as inclusion of Human papillomavirus (HPV), and rotavirus vaccinations in NIP.

What are the main points that are leveraging growth in the Turkish pharmaceutical market?

Following the overhaul of the healthcare system, we now only have one insurance payer, SGK, to communicate with, increasing our market access efficiency. As a result of these healthcare changes aforementioned, the pharmaceutical market has grown significantly every year when calculated by volume.

Last year, the total market grew more than 20 percent in local currency, with only ten percent of this overall growth related to price increases and the rest determined by the volume of sales. Overall, the market has always been growing in double digits in terms of units since 2002, due to easier access to physicians for the patients in addition to increasing treatment rates in the country. Furthermore, the demographics have changed with the aging population, increase in life expectancy at birth, and the general level of public awareness of certain diseases rose remarkably

When talking about reimbursement, what have been the main issues for the industry?

To finance this exceptional growth in healthcare services and provisions, the government introduced external reference pricing system based on a basket of five EU countries. This resulted in a significant decrease in pharmaceutical prices, which were further reduced by the mandatory discounts of up to 41 percent. Although this was an efficient short-term plan to manage the pharmaceutical spending, Turkey is now one of countries with the lowest pharmaceutical prices in the world. However, this has negative implications on access to innovative drugs for patients in Turkey and pharmaceutical investments.

EUR-TRY fixed exchange rate is also adding more fuel to the fire and increasing the pressure on the pricing issues at hand. As a matter of fact, the fixed rate today is at 38% of the spot rate. This gap is a big topic between the government and the industry and will probably remain so in the foreseeable future in terms of sustainability.

What are your experiences of increasing access to some of MSD's groundbreaking products, such as the company's anti-PD-1 immunotherapy pembrolizumab?

We are constantly working with the government to increase access times to our innovative products, working to find optimal yet reasonable ways. In Turkey, pembrolizumab is yet to be added to the reimbursement list, although the product is already registered for two indications: lung cancer and melanoma for quite some time now.

We are discussing options with SGK and working together to find a financial model that is reasonable for the company as well. Before the recent elections, we were almost there to solve the issue. We are hopeful that we can take it from where we left pre-elections and I, personally believe that the new government system will help move things faster when looking at pricing and access issues.

During my 25 years in the pharmaceutical industry, I have not seen any therapeutic class that brings such a distinctive value as immunotherapies in oncology. Today, we are entering into an exciting new era of biomedical discovery with cancer immunotherapy which harnesses the body's own immune system to fight cancer and changes the treatment paradigm holding enormous promise to accelerate improvements in overall survival across multiple types of cancer

Immunotherapy is slowly becoming the standard of care in oncology and the promise of immunotherapy can only be fully realized if all the stakeholders work together to make these treatments accessible to patients who need them.

Overall, how attractive is Turkey as a market for the company?

In Turkey, you must look at the long-term. Although there are some challenges in the short term for the pharmaceutical companies, Turkey has remained a very attractive market in terms of growth since at least 2000. Top-line growth is important for companies and when prices are suffering as previously mentioned, this can decrease a country's attractiveness in the long-term, Turkey is a strong country in terms of its population, currently standing at 81 million, who require screening, diagnosis, and treatment. In terms of volume, Turkey will remain a very important country. Finally, the country's geographical positioning is particularly strategic, with easy access to Middle Eastern, African and European markets, emphasizing its crucial strength as a geographic hub.

The inherent challenges of Turkey's healthcare system combined with the entrepreneurial mindset of our Turkish employees also make us a preferred talent pool within the organization. For example, my predecessor moved on to job at the global level for MSD, so there is this international export of talent from Turkey. Globally, we have a general management program supported by our company's CEO. One of our staff members in Turkey successfully completed the extensive selection process for this program and he was chosen as one of the eight bright and talented individuals who will spend the next two years in different countries and divisions through this management acceleration program.

Despite short-term challenges, MSD continues to invest in Turkey where we proudly stand among the top 10 pharmaceutical companies in terms of turnover. Our biggest investment in the country is in clinical trials. We are #2 in terms of number of clinical trials conducted in Turkey. Our investments reached TL100 million [USD20 million] over the course of the past three years. We have a team of 70 employees managing our clinical trials operations, because we believe in Turkey's potential in this area.

The pharma industry's total R&D spending globally is around USD 150 billion whereas Turkey's share is around 0.034 percent. Clinical trials represent a major part of this spending. Therefore, clinical trials are very important for Turkey to climb up the value chain and become recognized for its science, while there is also a big opportunity for FDI through the transfer of

knowledge and funds that will ultimately lead to more high-level research being performed. The country already has the infrastructure and the population that will sustain an increase in clinical trials. Therefore, increasing Turkey's competitiveness to attract more clinical trials as opposed to low value added local generic manufacturing can easily unleash Turkey's untapped potential. At MSD in Turkey, we are working with two universities to build centers of excellences for clinical research. Also as we speak, a major MSD clinical trial was awarded to Turkey and we managed to be one of the four countries included in this research.

You have been heading MSD Turkey since September 2017, looking forward, what are your strategic priorities as one of the leading and most respected pharmaceutical companies in the industry?

Firstly, MSD Turkey will continue to ensure that our products are accessible to patients who need them and this will remain our number one priority. "We try never to forget that medicine is for the people. It is not for the profits." said George W. Merck; five decades later, we continue to live by his words. Hence, we are strengthening our capacity in medical, healthcare policy, and market access. We are also closely collaborating with our public stakeholders to ensure patients benefit from our breakthrough treatments in a timely and sustainable way while maintaining budget predictability and supporting continued innovation.

Secondly, we will continue to invest in our people, because they are the backbone of our business and at the core of what we do, so they must remain engaged and committed to contributing to our objectives and mission.

Thirdly, we are supporting Turkey's strategic priorities overlapping with our capabilities and expertise. For the past three years we have been sponsoring the BIO Start-up Accelerator Program – first of its kind in pharma and biotechnology focusing on building capabilities of Turkish biotech startups and supporting them in building networks and partners. We believe by expanding this program by including public and private sponsors, we can definitely help set a good model for Turkey to climb up the value chain with a strong focus on innovation and globalization versus coercive localization.

Finally, we will need to adapt our operating models in our countries to keep up with digital transformation. Turkey is a digitally mature country with good infrastructure in this regard; however, the pharmaceutical industry is still at the early stages of adapting its operating model to meet the needs of the digital world. As MSD in Turkey, we have several projects and programs in place utilizing digital tools to completely change the way we operate in our ecosystem.

What differentiates MSD from the other pharmaceutical companies you have worked for?

What differentiates MSD from the other pharmaceutical companies that I have worked for is its commitment to diversity and inclusion. MSD's openness to people from different backgrounds, cultures, walks of life is remarkable. It is also something which is freely expressed through the company's communication with its people and the outside world. Diversity and inclusion is important for innovation, and we are the leaders because of this.

What would be your final message to our international audience reading this report on Turkey?

Turkey has the potential to offer huge opportunities for the pharmaceutical industry. With the right pro-business, investment and innovation policies in place, I firmly believe Turkey will succeed in overcoming short term challenges and achieving medium and long-term objectives. Currently, we are at a crossroads, undergoing significant changes in our economy and government, but this is the short-term horizon. Turkey has faced many challenges in the past, but has always risen stronger and will continue to do so in the long-term.

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