Lundbeck Korea â?? Oh Pil-Soo, Managing Director

24.11.2014

Tags:

CNS, ONS, Lundbeck, doing business, management, regulation, pricing, generics

Oh Pil-Soo, managing director of Lundbeck Korea, talks about the challenges of pricing and reimbursement in the CNS area and remaining committed to Korea in terms of clinical research.

What have been some of the biggest successes in the last three to four years for this affiliate?

The greatest success we have achieved over the last three to four years has been our recent introduction of a new drug for Parkinsonâ??s disease into the Korean market. Its pricing and reimbursement were not easy tasks, but we have had also a very tough time in negotiating with government officials. Lundbeck successfully finalized negotiating prices on this new compound and launched the new product last July. Drugs in the area of CNS are especially difficult to introduce the marketplace because price and reimbursement issues are not easy for medicines related to mental health. Despite tough negotiation with government, I can say that that was our most recent success in our organizations.

What were some of the steps you took to ensure that the government reimbursed this product?

It used to be that lobbying played a very important role in our negotiation with the government, but now we need to provide clear evidence that this new product will help decrease the burden for patients. Therefore, I think this played the most important role to succeed. Continuing to keep in touch with the government and constantly updating them with new information is the most important strategy, and has certainly contributed to our success.

Do you think this is even more difficult for CNS products given the somewhat social stigma that surrounds these types of pharmaceuticals?

Certainly it is not easy, because healthcare budgets are like a zero sum game. If someone wins, someone else has to lose. It should not be that way, but that is the current situation. In that sense, CNS is not an easy indication to demonstrate the value of a new product. In many cases, a particular disease covers a very small area with a small patient population and very specific indication. Providing economic value is very difficult because there is not much data that exists in this area. Therefore it is hard to provide long-term value of new compounds. On the other hand, its impact to the budget is less significant. In some sense, it is easier to actually sell the value of these products. Thus, the challenge of reimbursement can vary greatly from drug to drug.

What has been success so far in terms of the introduction of this drug to Korea?

Providing clear evidence of this compoundâ??s capability as class-A medication means that it is very efficacious and economic and provides great value to patients. Providing that kind of information has been quite important for stakeholders to understand the value of this compound. So far, the response by the marketplace has been very fast and has progressed well. Because it was introduced in July in Korea, we have an individual hospital formula reducing system so we have to pass all these first steps to be prescribed in the hospital. But compared with previous case, itâ??s quite fast for this formulaâ??s process.

How does Lundbeck Korea contribute in terms of R&D?

To introduce new compounds, we need to provide the proper data, which means we have to obtain local clinical trials for new compounds. In order to introduce new compounds at the same time in a major market, we had to convince our head office to include Korea in global Phase III program. Actually that helped our medical institution to get exposed to a new compound and also great support from the global program so I think that is the way we contribute to the Korean local medical institutes. Today we have three clinical trials for Alzheimerâ??s compound and two in depression, so in total five programs that we are running.

How active are you in terms of licensing agreements with local companies?

We are a small player. CNS is a very small area and we are only focused on certain areas in CNS, which does not provide for leanness or efficiency. However, at the moment we have cooperation agreements with Hanmi and Jeil for two different products. Lundbeck is focused on certain areas, and they are focusing on their own areas as well, meaning territories. In other words, Lundbeck is covering hospitals and they are covering smaller clinics and smaller hospitals. This strategy has been implemented since we came to the Korean market.

How has this affiliate adapted to Lundbeckâ??s strategy of moving away from blockbusters to smaller molecules?

I have no experience in that new trend because the two products we are promoting are more or less for big indications. Because the products we are selling are for Alzheimerâ??s and depression, maybe the next compound we will develop will not be a blockbuster product but a smaller indication designated for a more specific patient population.

What is the strategic importance of Lundbeck Korea for the global organization?

Lundbeck does not have regional offices in Asia, and Lundbeck Korea does not communicate closely with other Asian markets. Our local regulations prohibit us from working closely with other Asian affiliates or from sending Korean doctors to Lundbeckâ??s standalone program. Sometimes we engage with China for regional meetings.

Of course, Lundbeck Korea represents a much larger market than the rest of Southeast Asia, but globally the CNS area highly depends upon the economic status of each country. Thus, we are higher than the majority of Asian markets but I do not know exactly how much. While I am responsible for Korean operations, there is a manager who takes care of all the Southern Asian markets. But I do know we are bigger than the Southeast Asian market.

Given Koreaâ??s excellent infrastructure and doctors and immense population for doing clinical trials, will Lundbeck Korea conduct more clinical research in the future?

Korea definitely has very clear advantages in that area but the issue is in pricing. Koreaâ??s price average compared to the OECD average is extremely low. If the government keeps maintaining low pricing policy, and consequently does not provide value to new products, maybe Lundbeck Korea will invest less. We have already talked about having less clinical trials in Korea. This is a very competitive country, and Korean doctors are very motivated and are willing and eager to be involved in global clinical trials, but if the government maintains its current pricing policy, maybe less clinical trials will be run in Korea.

What message would you want to convey to the Minister of Health more than anything else?

If our government maintains current pricing policy, access to new products will be quite limited in the coming years. Maybe they will only be concerned about budget for healthcare, but access to new innovative products will be very limited in the future. That would not be good for Korean patients, who will not have access to new innovative medication and that is definitely not good news for these patients.

What is your mandate towards these people in terms of creating an environment in which that value can be recognized?

I normally say that CNS is very rational, yet it is not an easy area to develop a new product. Lundbeck is the only CNS company in the world. Today, many multinational pharmaceutical companies have stopped developing their CNS projects because it is more risky and the reward is not that big in many cases. In that situation, if companies like Lundbeck cannot be successful in this area, which companies will devote themselves to developing new compounds in the CNS area? We try to sell the value of our innovation, presence and dedication of CNS. Sometimes we are successful in developing new partnerships and new deals in our negotiation with government.

Will the government start to appreciate the efforts that companies like Lundbeck is putting in to ensuring the reimbursement of drug?

When we agreed to price cuts in 2012, the government said they will place more value on new products but in reality they have not kept their promises in terms of actually providing that value. I strongly urge them to change their ways and keep their promises. If they spend their budgets properly, the health authorities can have access to great new products.

Looking ahead over the next five years, what are your aims and ambitions?

Fortunately we have two new products in our pipeline. We will do our best to introduce these new products to the Korean market. To achieve this goal, we have to run clinical trials successfully, and then try to produce good evidence to achieve our pricing and reimbursement for these new products. We need to improve our competency in R&D development for clinical trials as well as providing valuable pharma economic data. I think that is the area we will focus on over the next three to four years to introduce this new compound to the Korean market successfully.

Lundbeck Korea is still a very young organization. In order to achieve this goal, we need to develop our competency as an employee. I want to dedicate myself to develop my capability to be a good communicator in terms of government negotiation and also communication with patient organizations, which are becoming more important.

To visit the company profile of Lundbeck Korea on PharmaBoardroom, click here.

To read more articles and interviews from Korea, and to download the latest free report on the country, click here.

See more interviews