**POLICY ANALYSIS**

**Defining Market Access in China – 360 Degrees**

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**INTRODUCTION**

With the recent wave of China health care reform and the change of the landscape for market access for pharmaceutical and medical device companies [1], there are discussions around the emphasis in future market access activities, anticipation around key stakeholders, and the future Health Technology Assessment (HTA) system trends and developments in China.

A small group of market access leaders from pharmaceutical and medical device companies in China recently gathered and conducted a survey to understand the industry’s views and readiness on the anticipated changes over two periods—the short-run and medium-run—for the next three and six years. The survey brought together a broad range of strategic areas that covered:

- Market access needs in China;
- Changing importance of stakeholders;
- Factors affecting pricing and reimbursement decisions;
- Methods of calculating the developing the economic value arguments; and
- Organization Readiness

Close to 20 respondents from multinational pharmaceutical companies that included GlaxoSmithKline, Bristol-Myers Squibb, Sanofi, BD, and Eli Lilly participated in the survey. These results were discussed further with one of the leading professors from Fudan University, Professor Chen Jie, who is one of the strategic advisors to government. This article describes the key findings from the survey as well as our insights into the results.

**CHANGES IN MARKET ACCESS ENVIRONMENT**

**Market Access Needs in China**

China’s scenario is quite different from those in other markets. Unlike the situation in more developed countries, where evidence-based pricing and formulary listing plays an important role, the current pricing and reimbursement situation in China is mostly about maintaining and strengthening relationship with government stakeholders (Fig. 1).

Currently, the pharmaceutical market access activities mostly centered around stakeholder relationship management (payers, KOLs, health policy makers, etc.) and policy monitoring and shaping, while anticipates a significant increase in emphasis in evidence-based pricing, evidence based formulary listing and innovative access solution.

Our survey shows that currently, the majority of the pharmaceutical executives do not see a significant change other than a small drop from 91% importance to just fewer than 80% in the role of relationship management over the next 6 years (Fig. 2).

On the other hand, evidence-based pricing, evidence-based formulary listings, and innovation access solutions are expected to become significantly more important; will increase respectively from 22%, 22% and 24% to as much as 35%, 43% and 45% of emphasis in 6 years (Fig. 2).

These numbers, however, were challenged significantly by Professor Jie, suggesting that role of relationships could drop far more significantly as the Chinese government is accelerating the capacity development and introducing HTA as early as 2014. These two factors could also mean that the economic value arguments will become far more important and in much shorter timeframe than six years.

**Key Stakeholders Engagement**

Today, the industry puts a significant emphasis on the stakeholder engagements with the health policy makers, key opinion leaders (KOLs), and pricing authorities, and expects to be the same in future, with the increase in focus on evidence-based approach as explained in the earlier section (Fig. 3).

For the global MNCs and innovator companies, private payers currently play a far more insignificant role in reimbursement compared to the public payers (28% vs. 71%). With ongoing and potential health reforms that aim to increase both the public coverage and the presence of private insurances in China, however, the industry expects both the private (48%) and the public payers (>80%) to become more significant over the next 6 years (Fig. 3).

It is also expected that increasingly, the role of the patients in the market access is expected to also become quite significant, from a low base of 25% up to 37% over the next 6 years as the general public become more affluent and educated to gain access to more medical information (Fig. 3).

**Pricing and Reimbursement Decisions**

Currently, pricing and reimbursement decisions are primarily based on the clinical value of the pharmaceutical product [2], and expected to remain about the same over the next six years (Fig. 4).

There are other factors, however, that will acquire more and more importance in the near future. For example, the pharmacoeconomic value argument, currently optional, is expected to become increasingly important, from 48% to 58% in pricing and reimbursement decisions over the next 6 years (Fig. 4). In addition, criteria such as the humanistic outcome (e.g. ease of use and convenience, quality...
of life, psychological value, productivity gain, etc.) and the innovative partnership (new business models such as risk sharing scheme) are indicated to become key factors with nearly 150% increase in importance for the next 6 years.

**Economic Value**

China currently does not have a formalized HTA system for either pricing or reimbursement decision making [3]. In a typical HTA system, a new health technology is evaluated with both the relevant clinical and economic evidence comparing the new health technology against the currently reimbursed standard of care for making the listing and pricing decisions [4]. This is currently not implemented informally or systematically in China.

Although as previously stated, China could very likely implement an HTA system as early as the end of 2014. It is unclear, however, how an HTA system could likely be implemented by relevant authorities in China.

There are a number of different factors such as below need to be considered in carrying out economic assessments (budget impact, cost effectiveness and cost-utility analysis) of a new health technology, which is the core part of the HTA system:

- Access and Ease of collecting health outcome data;
- Ease of implementation; and
- Influence of other countries. China is looking to more advanced countries in terms of HTA in order to design its own model, countries such as UK, Australia, Taiwan, Korea, etc.

**Organization Readiness**

In anticipation of these changes, the industry, government, and academia are significantly focused on capacity development in China.

The industry will need to adapt existing relationship-based influence to a more scientific and evidence-based decision-making process where products will have to prove value in many ways (clinical, economic, humanistic, etc). Both the focus on evidence and the implementation of HTA system in China will create new interactions between the companies and the different stakeholders, impacting in their external and internal processes.

Companies are at different levels of organization readiness and maturity across the alignment of people, organization, business processes, and technology and tools to meet these anticipated changes.

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**References**