

Private Health Insurance Collaboration With Pharmaceutical Companies in Egypt

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INTRODUCTION

As Egypt is on the edge of implementing universal health coverage (UHC) private health insurance (PHI) role will be emphasized after implementing the UHC. Since the premiums in the UHC are higher than the current Health Insurance Organization (HIO) premiums, citizens are expected to utilize its services replacing out of pocket payment for services and medications. PHI can play a role here in complementing or supplementing the presented basic benefit package for patients who wish to have an enhanced service. On the other hand, pharmaceutical companies are anxious about the new system which will probably only cover the lowest priced drug in each treatment class. Many patients especially those who are receiving chronic medication would rather not switch to a different therapy. Patients who wish to have a more expensive medication would need to pay for the difference. The collaboration between PHI and pharmaceutical companies could provide a mutual benefit for them, and would also benefit the patients who could pay a reasonable premium in PHI and receive products not included in the basic benefit package or a medication with a price tag higher than the lowest price in the treatment class.

OBJECTIVES

This study aims to evaluate the readiness for collaboration and trust between private health insurance (PHI) and pharmaceutical companies in Egypt.

METHODS

An on-site survey on the 2nd of April 2019 was administered during a workshop attended by decision makers representing different private health insurance players (Third party administrators - TPA, insurers, Health Maintenance Organizations – HMO). Anonymous voting was conducted on questions evaluating key elements for collaboration: trust; common objectives; perceived benefits; ideas for collaboration. An online survey was used to evaluate the same concept among decision makers from several pharmaceutical companies in Egypt.

RESULTS

24 private health insurance representatives voted for the proposed questions during the workshop. Of those, 11 were representing third party administrators (TPAs), 2 representing health maintenance organizations (HMOs), 6 insurers and 5 from other affiliations. On the other hand, 10 pharmaceutical company representatives filled the online survey. Of those, 8 worked in the market access departments of different companies, 1 from the marketing department and 1 from the regulatory affairs department.

Trust To evaluate the level of trust between both parties (PHI and pharmaceutical companies) compared to the levels of trust to other stakeholders, both parties were asked to provide a value for their trust in a) the other party, b) hospitals, c) physicians, d) patients.

PHI had weak trust in all their stakeholders, (41%) on average (0% meaning no trust, while 100% indicates full trust). Trust in pharmaceutical companies specifically fell below the average (38%). On the other side, pharmaceutical companies have higher average trust in their stakeholders (49%), among which their trust in PHI was close to average (48%), higher than their trust in hospitals and physicians (45% each).

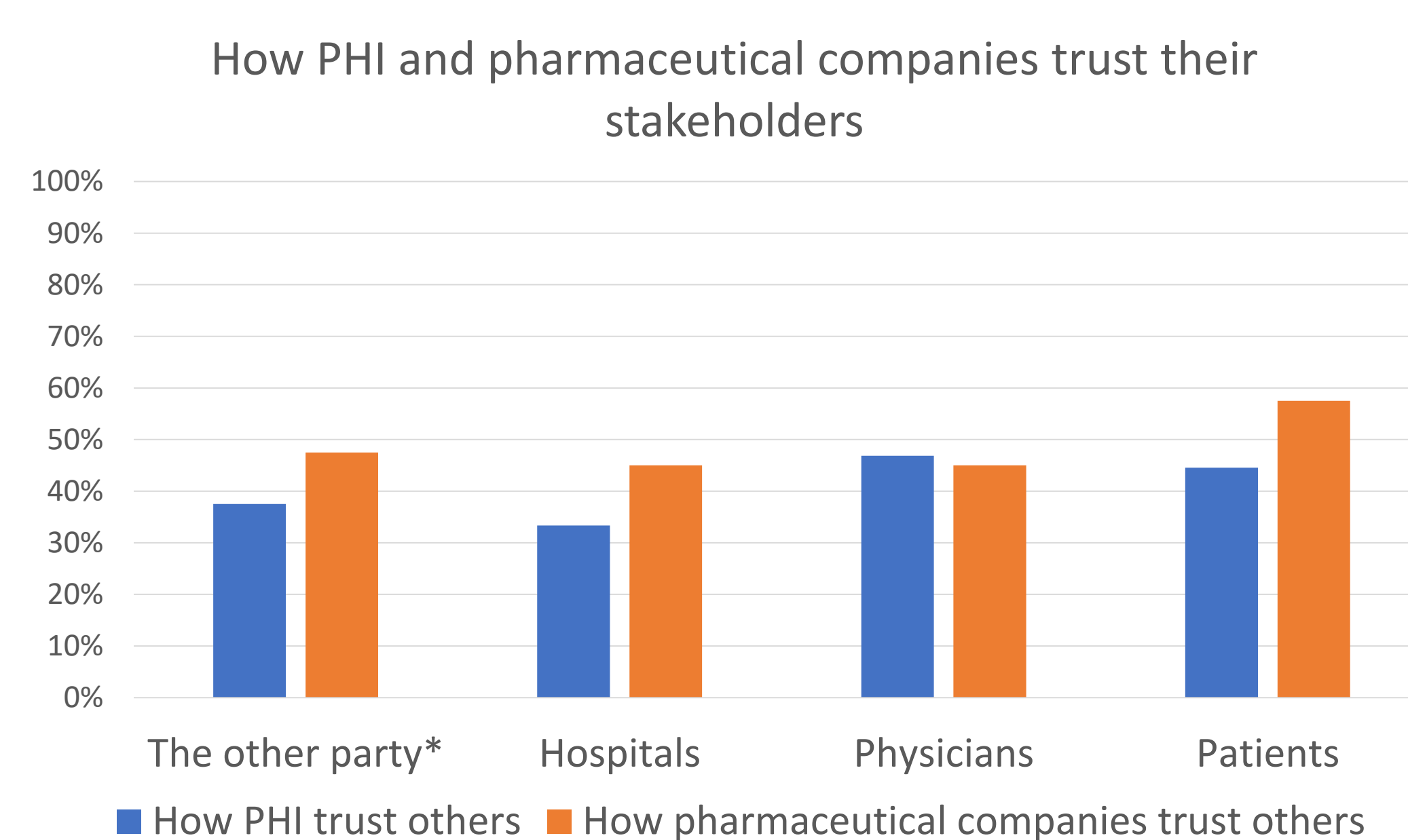


Figure 1: The levels of trust between PHI and their stakeholders, compared to the levels of trust between pharmaceutical companies and the same stakeholders

Common purpose When participants from PHI were asked if they have a common purpose with pharmaceutical manufacturers, only 17% had moderate to strong perception that there is a common purpose, while pharmaceutical company representatives had a totally different perception with 70% of them having a moderate to strong perception that there is a common purpose with PHI.

Perceived benefits Participants from both sides were asked if they believe that collaboration with the other party might provide them a competitive advantage in the market. 88% and 90% of the participants from PHI and pharmaceutical companies respectively, believe that collaboration with the other party might provide them benefits in the market relative to their competitors.

Do you believe that collaboration with the other party* might give you a competitive advantage?

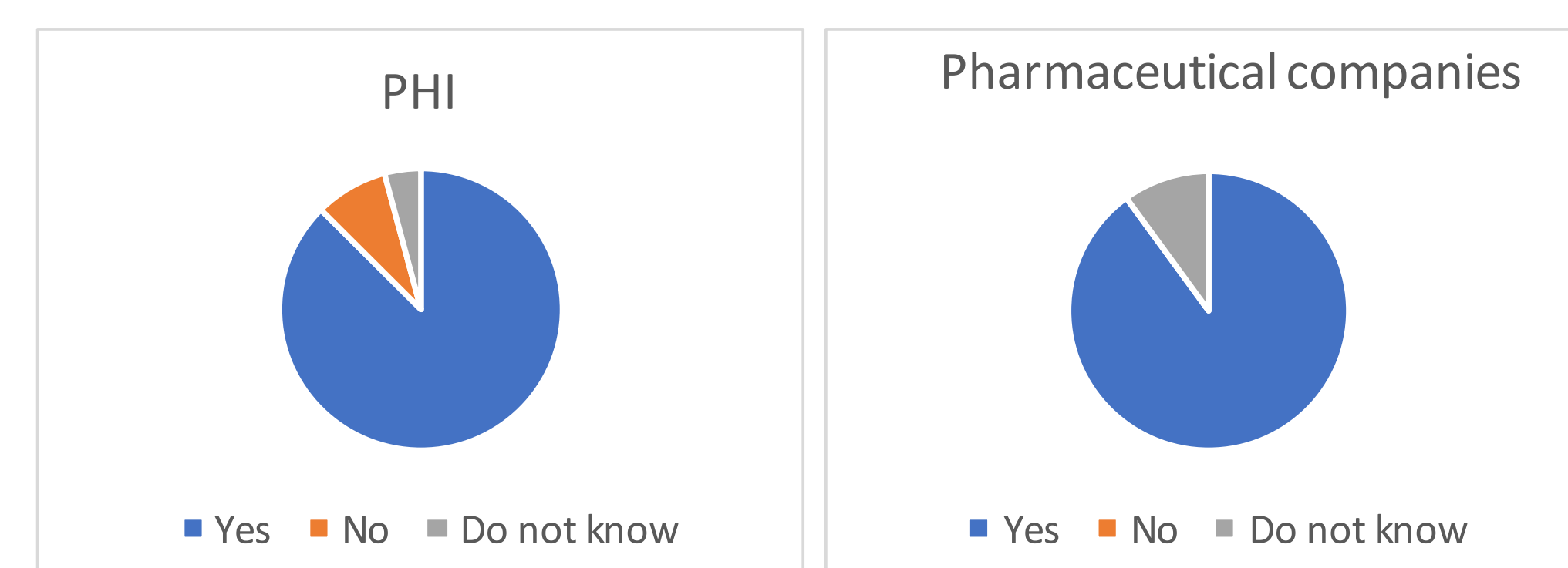


Figure 2: PHI and pharmaceutical companies perception of benefits from collaboration with pharmaceutical companies

Collaboration The PHI representatives' objective from collaboration with pharmaceutical companies was mainly to acquire the pharmaceutical products at a lower price through a higher discount or a price agreement. Few participants also believed that collaboration could be done to allow for better data exchange between different stakeholders, and to manage drug availability issues. The pharmaceutical companies representatives were interested in collaboration with PHI to grant access to a larger number of patients especially for innovative medicines.

Different ideas for collaboration were suggested from the participants from both sides. The following is a list of some ideas for collaboration from the received suggestions:

- ▶ Making long-term contracts with larger quantities and higher discounts
- ▶ Creating a data exchange platform between the two parties to provide better experience to the patients
- ▶ Creating special PHI packages for chronic medications
- ▶ Introducing the payment for performance deals for expensive medicines
- ▶ Including PHI patients in the pharmaceutical companies patient support programs (PSP).

DISCUSSION

There is a general trust issue which seems to be a feature of the stakeholders in the health care industry in Egypt and not specific to the relation between pharmaceutical companies and the PHI, yet for future collaboration there must be some efforts from both sides to partially resolve those trust issues. On the other hand, both parties strongly believe that collaboration would provide them a competitive advantage in their markets. Looking at collaboration objectives we can see that objectives of both parties are not conflicting, as PHI is seeking lower prices while pharmaceutical companies are seeking a higher patient access, this combination of objectives can be materialized in different forms of agreements for example price volume agreements, where the price decreases as the volume increases.

CONCLUSION

Although both PHI, and pharmaceutical companies highly believe that collaboration will give each a competitive advantage, there is a trust issue between both parties. For a successful collaboration, both parties must work on building up trust and working on patient benefit as a common interest.

REFERENCES

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*The other party indicates pharmaceutical companies in case of PHI and vice versa.