



health bulletin

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INTRODUCTION

Welcome to the CNE Health Monthly Bulletin. Our aim is to keep readers informed of important healthcare news and publications each month. Each bulletin will have a feature of the month and then summaries of news from around Europe and further afield where relevant. Comparative studies and journal articles will also be included, as too recent and forthcoming seminars and conferences.

We would like this to be as complete as possible, so if you would like to draw our attention to interesting news and thoughts, please do! Please email them to healthletter@cne.org. Thanks in advance.



EUROPEAN HEALTH NEWS ROUNDUP

EU, Accession States, France, Germany, UK, Pharmaceutical News

News from the EU

- + Active Citizenship Network Report: 'Europeans lack adequate access to healthcare'
- + Rare disease system urged on EU – *Financial Times* (07/03/05)
- + EU Launches new anti-smoking campaign
- + Wyeth, Novartis criticise EU Regulators – *Financial Times* (11/03.05)

Active Citizenship Network Report: 'Europeans lack adequate access to healthcare'

A new report by the Active Citizenship Network argues that Europeans have poor access to healthcare and medical innovation and feel that they lack sufficient information about their healthcare choices. The worst offenders are Portugal, Ireland and the United Kingdom, while Austria and Greece fared particularly well. The study suggests that the obstacles to receiving healthcare include the lack of coverage by public insurance for health services, administrative and economic complications in accessing services and difficulties in obtaining medication from other European countries. Moreover, all countries in the research reported some restrictions on patient's choice over their healthcare providers and treatment.

www.activecitizenship.net/home.html

Rare disease drug system urged on EU – *Financial Times* (07/03/05)

European nations need to put in place a system to swiftly approve and fund the use of experimental medicines to treat very rare "orphan" diseases, an association of drug companies said yesterday. European Union countries should follow the lead of France, Italy and Belgium in supporting groundbreaking drugs that have been shown to work in clinical trials but have not yet been given regulatory

approval or been authorised for reimbursement by national health systems.

The call comes at a time of growing concern that the UK and other EU members are lagging behind the US in the adoption of medical treatment for rare diseases because such treatment is not commercially viable. The alarm was raised in a white paper prepared by Emerging Biopharmaceutical Enterprises, an association of 53 biopharmaceutical businesses involved in developing orphan drugs.

The paper - on changes required to the European Orphan Medicinal Products Regulation voted in 1999 - says reforms are needed to ensure timely access to therapies for rare diseases, as well as financial incentives to motivate drugs companies to continue innovating in the search for new treatments for medicines that have a very small market.

EU law defines orphan diseases as those affecting fewer than 5 people in every 10,000, a proportion too small to easily attract research by commercial drug companies without special incentives. An example is Carbaglu, designed for a rare metabolic ailment and given to only 25 European patients.

EU launches new anti-smoking campaign

On 1 March 2005, two days after the entry into force of the first international tobacco control treaty, the Commission launched a new €72 million anti-smoking campaign. Dubbed "Help: for a Life without tobacco", it aims to promote a tobacco-free lifestyle, highlight the dangers of passive smoking and support the trend towards tobacco-free public places. Adolescents and young adults will be the main target groups.

The campaign will run until 2008 and will include roadshows in all 25 EU capitals, TV and cinema advertising campaigns and other media events. "HELP" is the second major EU-wide anti-smoking campaign conducted by the Commission. It will build on the experience of the first such campaign,



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"Feel Free to Say No", which ran between 2002 and 2004.

It is a curious paradox that EU campaigns against smoking are financed from a budget line which is dedicated to supporting farmers in Europe to grow tobacco! In total, the EU spends more than 1 billion Euros every year in subsidies to a small group of tobacco farmers. Many NGOs have consistently called for an end to using taxpayers money to finance the production of tobacco. Running an anti-smoking campaign while actively growing tobacco is one of the most striking examples of EU's policy incoherence. (EPA)

Visit the website at www.help-eu.com

Wyeth, Novartis criticise EU Regulators – *Financial Times* (11/03/05)

Two of the world's largest pharmaceuticals companies yesterday criticised European medicine regulators for demanding that new drugs be compared with existing treatments rather than placebos as a condition for their approval.

Daniel Vasella, chief executive of Novartis, the Swiss-based group, said that he believed the US Food and Drug Administration's approach of testing new drugs against placebos was more meaningful and encouraged better treatment. "If you make the hurdles too high, you may miss opportunities," he told the FT. "We need to give patients more choice, and doctors may find another drug works better and would prefer four or five choices to one or two."

His comments were echoed by Robert Ruffolo, head of research and development at Wyeth, the US-based group. "The Europeans have expanded their remit to social needs far beyond their remit ... of safety, efficacy and risk-benefits," he said. "If you try to demand that every single drug is better, safer and brings more benefit than all the others, you'll never see another drug." The two executives' comments came ahead of a meeting in London today of the European Medicines Agency (EMA) to celebrate its 10th anniversary, with representation from leading regulators, researchers and business leaders including Mr Vasella.

Industry critics and consumer advocates argue that drugmakers need to compare drugs with existing

treatments. Without comparisons, they say, patients and governments are left at the mercy of drugmakers with few means to weigh whether a drug's effectiveness makes it worth using or worth its price. "Only when consumers and doctors have independent information on the effectiveness, safety and price of medicines will we see real change in the prescription drug marketplace," Gail Shearer, project director of Consumer Reports Best Buy Drugs, said this week.

News from the Accession States

+ *Losing their Patients* – Tomasz Teluk, Tech Central Station, 07/03/05

***Losing their Patients* – Tomasz Teluk, Tech Central Station, 07/03/05**

Poland is the least satisfied Central European nation when it comes to healthcare services, according to a new survey from the Central European Opinion Research Group Research (CEORG) in Brussels.

The January 2005 study shows that 60 percent of the people are very unsatisfied with the quality of governmental healthcare service. Their disappointment no doubt is the result of the decision by the leftwing party SLD (Left-Democrats Alliance) to stop healthcare reform in 1999. Only 18 percent of the population is satisfied, but they are most likely patients who are able to use private doctors' offices and clinics.

The situation is the same in Slovakia, where 53 percent of the people are unsatisfied with healthcare service and only 11 percent are satisfied. It is better in Czech Republic: 34 percent of Czechs are satisfied and 28 percent are disappointed. In Hungary, 23 percent are satisfied. But almost every Central European citizen agrees that nothing has improved during the last few years.

Włodzimierz Derczynski from CBOS, a research group that does public opinion polls in Poland, says that Poles are very critical about steps undertaken by the government since 1999. In the last two years, financial and organizational problems have been tormenting patients. Jan Cervenka from the Czech Republic's CVVM says his compatriots have accepted the moves toward privatization of health care during the last 15



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years and that explains the higher level of satisfaction.

Private health insurance is not so popular in Europe, where state health monopolies predominate. According to the European Observatory on Health Systems and Policies (EOHSP), Europeans are paying less than 5 percent of their total healthcare spending for private insurance.

Voluntary health insurance is becoming more popular in France, Germany, The Netherlands, Italy and Ireland. The Dutch are preparing for the privatization of healthcare in 2006. From this year, patients there will not pay taxes for healthcare anymore, but will buy healthcare insurance with a long-term investment option on the capital market. Today, in Ireland, half the population has private insurance and 20 percent of hospital beds are provided by privately-owned clinics, based on data from the Irish Health Insurance Authority.

Experts at the CATO Institute have shown that radical free-market healthcare reform can turn social security system into a successful business. The American social security system has a deficit of \$26 trillion, but through privatization, it could make a profit in 2018. Michael Tanner from CATO estimates that only half of the monthly fee should be privately invested. In 1997 Harvard economist Martin Feldstein estimated that the world's biggest governmental program could make \$10-20 trillion in profit if people invested individually. The American way of reform is a good alternative for Europe.

What will be the future shape of European healthcare? We should ask the European Commission. Judging from the first few months of its mandate, we know its members are not likely to support meaningful healthcare reform. Brussels is against lifting state monopolies on basic healthcare services. I am not optimistic about the new Health Commissioner, Markos Kyprianou of Cyprus. One Cypriot journalist says this Cambridge and Harvard educated politician is "liberal in social matters and conservative in finance", according to a profile in European Voice. Kyprianou is also enthusiastic about the EU's anti-tobacco efforts, including smoking bans. He prefers to replace individual responsibility with governmental baby-sitting. Kyprianou is at least open-minded. And, after all, he quit smoking, so maybe he can kick the socialized medicine habit that is also seriously dangerous to one's health.

It is sad that the European debate on healthcare is dominated by ideology rather than practicality. There is also a kind of fixation on the government. European intellectuals are blind to think that government can solve all their problems. They spout nonsense like a quote recently made by Anita Hardon, from Amsterdam University: "Relying on the pharmaceutical industry, we are relying on those whose first goal is profit, not health."

This absurdity shows only ignorance of economics. Market position depends on the efficiency of treatment in private medicine. If a pharmaceutical company produces inadequate drugs they will go bankrupt and disappear. Intellectuals shut their eyes to the harmful government healthcare monopoly. The current system provides ineffective treatment, but it cannot go bankrupt because it is sustained by taxes and compulsory insurance. The truth is that government violates the patient's right to healthcare. And the patients are not happy about it.

News from France

- + WHO to expand Smallpox Stockpiles
- + One in seven drugs fake worldwide, claims report – *in-Pharma Technologist*, 16/03/05

WHO to expand Smallpox stockpiles

The World Health Organization is seeking to expand its 2.5 million dose supply of smallpox vaccines as part of precautions against a biological terrorism attack, a senior official said Wednesday. "We need stockpiles of vaccines. We need stockpiles of those essential medications," Brad Kay, coordinator of the WHO's division on preparedness for accidental and deliberate epidemics, said on the sidelines of an Interpol conference on bioterrorism.

Smallpox is one of six highly lethal "Category A" diseases that public health experts believe could be used as biological weapons. Others include anthrax, tularemia, botulism, or viruses such as Ebola. Mr. Kay told reporters that the WHO is involved in "much discussion about greatly expanding" its access to smallpox vaccines through a so-called virtual stockpile, which entails keeping tabs on stocks around the world that could be called on if the need arises.



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In the event of an emergency, Mr. Kay said: "The small amount that the WHO has is not going to go far." Mr. Kay also stressed the importance of hospitals, scientists and public health agencies pooling information on an international level, which could help manage both a natural outbreak or a terrorist attack.

"We don't know what people are going to cook up," Mr. Kay said, "but we know preparedness in recognizing diseases, being able to treat them and being able to amass public health practitioners are key to effective control in whatever scenario we're facing." Today, the only smallpox vaccine available is unsafe for people with weakened immune systems, and can even seriously harm some healthy people, because it is made with a live virus called vaccinia that can spread through the body. Smallpox is the only major disease to be successfully eradicated under a WHO-sponsored vaccination program. The last known case was in 1978.

One in seven drugs fake worldwide, claims report – in-Pharma Technologist 16/03/05

Pharmaceutical companies and governments are not doing enough to combat the problem of drug counterfeiting, which is developing into an international health crisis, claim researchers. The team, led by journalist and writer Robert Cockburn, suggest that the reluctance is "apparently motivated by the belief that the publicity will harm the sales of brand-name products in a fiercely competitive business."

They have published the findings of an investigative report in the open-access health journal PLoS Medicine which suggest that up to 15 per cent of all drugs sold worldwide – worth of \$35 billion (€25bn) – are fakes. This estimate – based on communications with regulatory authorities, is more than twice the 6 per cent figure put forward by the World Health Organisation. Moreover, in parts of Africa and Asia, the situation is even more serious, with over half of purchased drugs fakes, according to the authors.

"The estimated 192,000 patients killed by fake drugs in China alone in 2001 gives an indication of the health consequences of counterfeiting, they say, while the recent discovery of fake HIV medicines in Central Africa "raises the prospect of a disastrous setback in the treatment of AIDS in sub-Saharan Africa, unless

vigorous action is taken now. Cockburn and his fellow authors - who include tropical medicine experts Prof Nick White and Dr Paul Newton from Oxford University in the UK and Mahidol University in Thailand, as well as drug regulators Dr Dora Akunyili of Nigeria and Kyeremateng Agyarko of Ghana - will present their provocative findings at the second Global Forum on Pharmaceutical Anticounterfeiting later this week.

The problem is enormous, say the authors. For example, in December of 2000, Belgian customs seized 57,600 packs of fake Halfan (halofantrine) capsules, an antimalarial sold by GlaxoSmithKline - en route from China to Nigeria. The counterfeiters in China were preparing to export 43 tons of counterfeits of 17 brands of drugs from seven international pharmaceutical companies. Pharma 'keeps the problem quiet'

Although drug companies have sometimes voluntarily issued public alerts when they have discovered that their drugs have been counterfeited or tampered with, Cockburn said that they have not found one country where companies have a legal duty to report such discoveries to public-health or trade authorities. Professor White said: "The production of sub-standard and fake drugs is a vast and under-reported problem and seems to be increasing. It causes unnecessary deaths and illnesses and a loss of confidence in medicines. The pharmaceutical industry is a big benefit to our health but it is harming patients and itself by not warning the public of fake products when they arise."

Cockburn believes that the suffering of millions of patients could be eased by issuing public health warnings from available information that is currently kept confidential by the pharmaceutical industry. "Our report urges a change to mandatory reporting by drug companies to governmental authorities, which should also have a legal duty to investigate, issue appropriate warnings and share information across borders." The key to combatting counterfeiting resides in the provision of effective, available, and inexpensive drugs, proper enforcement of drug regulation and more openness from governments about the counterfeit problem. Also crucial is more effective policing against counterfeiters and their corrupt allies in government and industry, as well as enhanced education of patients, drug sellers, and health workers.



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News from Germany

- + 'Saving Pfennige, Costing Lives' – Doug Bandow, *Wall Street Journal*, 16/03/05
- + Follow-up: 'The German reference price System must change' – Stephen Pollard

Saving Pfennige, Costing Lives – Doug Bandow, *Wall Street Journal*, 16/03/05

Health care is expensive, but inadequate treatment is even more expensive. This is a lesson the German government has yet to learn. For years much of the world has been a free rider on U.S. medical R&D. Most industrialized states rely on a mix of price and volume controls to limit pharmaceutical spending. These governments expect American drug makers to keep supplying their products, almost irrespective of price. As a result, U.S. citizens are bearing a steadily increasing medical burden: Since 1999 America has accounted for 71% of the sales of new chemical entities, up from 62%. Japan and Germany, the next two largest pharmaceutical markets, account for just 4% each.

Washington is under increasing pressure to end this sweet deal for other nations. In fact, the U.S. has started to raise the issue in trade negotiations. The real solution, however, is for other nations to pay a fair price for what they use. After all, countries that impose drug-price controls are degrading the health of their citizens while raising other treatment expenses. Germany's newly tightened therapeutical reference-pricing program is an unfortunate example. Under reference pricing, drugs are grouped by pharmacological equivalence. Generics and patented products are listed together and reference prices are set based on the difference between the cheapest and most expensive drugs. Innovative and therapeutically important drugs are, theoretically, exempt.

Unfortunately, paying generic prices for patented products obviously discourages further medical development -- except when one can rely on the output of the freer American market, as Berlin does. The generics now serving as price benchmarks themselves would never have been developed if the U.S. followed Germany's policy.

Indeed, Berlin's scheme seems designed as much to enrich German businesses as to save money for the German government. For instance, wholesalers and pharmacists receive nearly as many health-care euros as do R&D drug makers. Even more significant, more money goes to generics firms than to the innovative industry. Although generics account for a smaller share of sales than in America, total outlays are two-and-a-half times as much since German generics cost far more than the international average. The Boston Consulting Group estimates that simply paying U.S. generics prices would save more than €500 million, about half what Berlin currently hopes to save through reference pricing.

At the same time, Germany's reference-pricing program limits patient access to drugs. The result, as the Boston Consulting Group explained in a report on OECD nations, is that the sick are "disadvantaged by the market interventions imposed by their governments: they have less chance of getting the latest drugs, and their chances of recovery or effective relief are to that extent compromised." Even comparable medicines aren't the same. Sometimes a slightly different formula proves substantially better for some people. Explains American rheumatologist John H. Kippel, "It's not unusual for patients to try several options before finding one that works."

Limiting drug use also forces governments to spend more money. In a study of reference pricing in Canada's province of British Columbia, health-care analyst John Graham found evidence of "negative consequences for patients' health." Since less appropriate, cheaper medications were substituted for more expensive ones, Mr. Graham noted that there was evidence of "a higher risk of admission to hospital for surgery," as well as "longer stays in hospital, and more visits to physicians and emergency rooms." These sort of costs eat up much of the presumed savings from reference pricing and other regulatory schemes.

In an attempt to mitigate these sort of problems, Berlin exempts innovative products from reference pricing. But in practice the government rarely makes an exception. And patients are rarely willing to pay more to obtain a high-priced drug. Prof. Oliver Schoeffski, chair for health management at the University of Erlangen-Nuremberg, found severe undertreatment of many illnesses across Europe, including in Germany. For instance, three of four people with high cholesterol were not receiving a statin. According Dr. James



Cleeman, coordinator of the National Cholesterol Educational Program in the U.S., statins are cost effective even at \$100 a month because heart disease costs "hundreds of billions of dollars." Treatment for high cholesterol demonstrates how Germany fails to balance lower cost with better treatment. Some 1.8 million Germans take Pfizer's Lipitor, sold there as Sortis. Numerous studies have demonstrated that Sortis lowers cholesterol and thereby reduces the risk of heart attacks and strokes, even among high-risk populations suffering from diabetes and hypertension.

However, Sortis is being bundled with generic statins, which would impose a price cut of 38% this year and a cumulative reduction of 63% next year. The other medicines work, but studies indicate that Sortis works better -- reduces cholesterol more with fewer side-effects. Yet GemBa refused to delay implementation of the reference pricing for statins. Average Germans are the big losers.

German Chancellor Gerhard Schröder said he is open to changing the reference-pricing system, and so he should. Germany's system hurts patients, reduces industry funding for R&D, and may even hike medical costs. Governments, like individuals, often are penny-wise and pound-foolish. But the cost of scrimping when it comes to medicine can be extraordinarily high. Germany and other OECD states should stop free-riding off of American pharmaceutical R&D and start paying reasonable prices for valuable products.

Follow-up: The German reference price system must change - Stephen Pollard

There was an important piece this week in *the Wall Street Journal Europe* by Doug Bandow of the Cato Institute in Washington. Writing about Germany's new therapeutical reference-pricing arrangements, he makes the critical point that "Health care is expensive, but inadequate treatment is even more expensive."

As he shows, American patients are effectively subsidising R&D because most countries now operate a mix of price and volume controls to limit pharmaceutical spending, whilst still expecting American pharma companies to supply new (and existing) products, however reduced the price they pay. American patients are now -- rightly -- up in arms, and the US government is beginning to address this issue by including it in trade negotiations.

But the German system, which uses the price of generics to set those for patented drugs, is a terrible

reform. The logic of this is deeply flawed, of course, since if the US followed a similar arrangement, the generic drugs would not exist in the first place, since they would never have been developed.

It also actually reduces access to drugs. As the Boston Consulting Group put it, the sick are "disadvantaged by the market interventions imposed by their governments: they have less chance of getting the latest drugs, and their chances of recovery or effective relief are to that extent compromised."

The consequences of this are, as Bandow shows, also self-defeating in terms of saving money. A study by John Graham of the situation in British Columbia demonstrated that, since less appropriate, cheaper medications are substituted for more expensive ones, there is evidence of "a higher risk of admission to hospital for surgery," as well as "longer stays in hospital, and more visits to physicians and emergency rooms." So much for saving money. And so much for putting the patient first.

News from the UK

- + Healthcare Commission – Patient's lack Sufficient information
- + Increased powers to prescribe medicines for Doctors and Nurses
- + 'Not so NICE: Curbing Access to Alzheimer Treatment' – Helen Disney
NHS Debt to hit £340 – *Health Service Journal*
- + Transplant cures man of diabetes – *BBC News*, 09/03/05
- + National Audit Office report of NHS Cancer Plan

Healthcare Commission – Patient's Lack Sufficient Information

A survey of 140,000 patients found that 30% of patients in Britain do not feel that doctors give them enough information to make considered decisions about their treatment. The Healthcare Commission's annual survey also revealed widespread anxiety about falling hygiene standards in hospitals.

The good news for the government is that people are noticing that waiting times are getting shorter, though



the commission did not ask patient's views on whether they wanted choice about where they were treated. Only three-quarters of outpatients thought the doctor fully explained the treatment being proposed and 69% got answers they could understand when they asked questions. Nearly a quarter were not told how they would find out test results; 39% said they were not given information about possible side effects of medications; and 37% were not told about danger signals to watch out for regarding their illness. In A&E departments, 36% said they were not fully involved in decisions about their treatment and 44% of those in pain thought staff did not do everything possible to control it.

Nearly half said doctors and nurses did not address their anxieties as fully as they would have wished. And 49% received no information about the side effects of medication.

The findings are likely to influence the political debate about giving NHS patients more choice which is set to be a key theme at the general election.

http://www.guardian.co.uk/uk_news/story/0,,1419049,00.html

Increased powers to prescribe medicines for Doctors and Nurses

Nurses and pharmacists in the UK could be given more powers to prescribe medicines under plans being considered by the government. A range of options on prescribing have been put forward by ministers in a bid to ease the pressure on GPs. Pharmacists could receive extra training to prescribe medicines for illnesses from acne to tonsillitis. Nurse involvement in the care of people with long-term illness such as asthma and diabetes may also increase.

More than 28,000 district nurses are already allowed to prescribe from a list of 180 products, and pharmacists were given the power to prescribe medicines in partnership with doctors in 2003. But the Department of Health, and the Medicines and Healthcare products Regulatory Agency, will be consulting over the next three months on how this should be expanded.

Five options are being considered for nurses from allowing prescriptions for any medical condition to giving some nurses more powers than others. There

are seven options for pharmacists, ranging from a limited increase in powers to prescribing for any medical condition. Health Secretary John Reid said he wanted to change the prescribing system to give patients more choice "about where, and from whom" they can get prescriptions.

"Under our proposals, patients will benefit from an increased number of highly trained health professionals. "Increased prescribing by nurses and pharmacists also frees up doctors to deal with more serious conditions, allowing more patients to be treated more quickly." Chief Nursing Officer Chris Beasley said patients could be assured they would be receiving the best possible care as nurses underwent "thorough training" before being allowed to prescribe. Dr Jim Kennedy, prescribing spokesman for the Royal College of GPs, said giving pharmacists and nurses more prescribing powers was a sensible move. But he added: "As more powers are given we need to monitor professionals who are prescribing. "We must also make sure we do not alter the status quo whereby the people prescribing and people supplying differ so there is no question of someone benefiting financially." And he also said nurses and pharmacists could be susceptible to pharmaceutical companies' marketing strategies which did not always give the "full picture".

<http://news.bbc.co.uk/1/hi/health/4304307.stm>

Not so NICE: Curbing Access to Alzheimer Treatment – Helen Disney

In a move that has achieved the significant feat of unifying the pharmaceutical industry, the Royal College of Psychiatrists and patients' groups, the National Institute for Clinical Excellence (NICE) has recommended that doctors stop prescribing the four main drugs used to treat Alzheimer's Disease because they are not cost effective. The row is the latest in a series of clashes between NICE and drug companies, who view the watchdog as a fourth hurdle for medicines that have already been shown to be safe, effective and of good quality.

The Association of the British Pharmaceutical Industry, a trade body, said the move was a "devastating blow" for patients, which put Britain out of step with rest of Europe and could jeopardize future investment in drug research. The Royal College of Psychiatrists said it strongly disagreed with the



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guidelines, since clinical trials have shown that the drugs, while not a cure, can slow the progress of symptoms by six to nine months. "In our opinion, this degree of improvement in a devastating and progressive illness for which no other treatments are available is well worth the modest costs of the drugs," said Professor Susan Benbow of the college. Pfizer, the world's biggest drugmaker, and its partner Eisai also condemned the decision as "astounding." Currently some 52,500 Britons are taking the drugs, known as cholinesterase inhibitors, at a cost of around 1,000 pounds (\$1,922) per patient a year. Although they will be allowed to continue on treatment, the draft recommendations say the medicines should not be offered to new patients.

As Helen Disney, Director of the Stockholm Network, recently pointed out in her CNE Blog on the subject, 'Imagine watching a relative become so ill that they can no longer clothe or feed themselves and are constantly confused about who they are or what is happening around them. That is the sad legacy of Alzheimer's disease, which remains a vastly under-treated condition in Europe. Recent medical developments, in the form of new medicines for treating the disease, have provided sufferers and their families with some hope. Scientific studies have demonstrated a greatly improved quality of life for Alzheimer's patients who may be able to be cared for at home for much longer, if they take the latest medicines.'

Despite NICE's recommendations, 'if as the studies show, the drugs can keep patients out of hospital or long-term care for up to 2 years, surely this is cutting off one's nose to spite one's face? We know that hospital care is far more expensive than caring for patients in the community. And, what of the carers who will suffer additional stress, depression and other health problems from not being able to provide their loved ones with the latest drugs which will remain widely prescribed elsewhere in Europe and the USA? Doesn't sound at all nice, does it?'

http://www.cnehealth.org/blog_archive/archive_disney_2005.htm#302

NHS Debt to hit £340m – *Health Service Journal*

Based on a survey of NHS trusts, the *Health Service Journal* reports that the NHS is currently £550 million in debt and will be £340 million in debt by the end of the financial year. This is an increase on its previous

survey which stated that the NHS would face a year-end deficit of £250 million. The survey finds that London has the worst debts. Helen Mooney and Mary Louise-Harding state that the "NHS money-go-round", that sees some trusts transferring funds between each other, will have to stop as "the Government is adamant that the NHS will change and be forced to take ultimate responsibility for its finances". Mark Millar, Essex Strategic Health Authority Finance Director, is reported to have said that trusts need to stop going to their SHAs with a begging bowl every time they get into financial difficulty. Nigel Edwards, Policy Director of the NHS Confederation, said that achieving financial balance will prove "very, very difficult next year and in proceeding years". NHS financial consultant and former Health Authority Chief Executive Neil Wilson is reported to have said that the Department of Health in many cases underestimated the costs when pay deals were agreed.

Transplant cures man of diabetes – *BBC News*, 09/03/05

A 61-year-old man has become the first person in the UK to be cured of type 1 diabetes thanks to a groundbreaking cell transplant technique. After receiving insulin-making cells from the pancreases of dead donors, Richard Lane of Bromley, Kent, no longer needs insulin injections. The King's College Hospital team said the breakthrough was hugely exciting for people with type 1 diabetes. But the technique is not perfect. Many patients still require top-up insulin.

Mr Lane, who has had diabetes for over 30 years, had his first islet transplant in September, followed by a second transplant a month later and the third at the end of January. He told the *Guardian* newspaper: "I haven't felt better in myself for 30 years. I have to pinch myself to ensure I am not dreaming." Mr Lane said he used to suffer attacks of low blood sugar which could lead to unconsciousness. "My wife used to dread me going out of the front door in case there was a call from the ambulance service. I am now doing half an hour's brisk walk every day, and I have lost a stone-and-a-half in six months," he said. "It is almost like being a totally different person."

Two other UK patients who have been treated with the procedure still need small doses of insulin. Canadian researchers were the first to demonstrate that people with type 1 diabetes could remain free of insulin injections after the treatment was complete.



People with diabetes cannot convert blood sugar into energy because the hormone insulin which enables this to take place is either not produced by islet cells in the pancreas or does not work properly. For the transplant, healthy islet cells are taken from donor pancreases and injected into the patient's liver. Once there, they develop their own blood supply and begin to produce insulin. Short supply Professor Stephanie Amiel, who leads the diabetes team at King's College Hospital, said: "The implications for the future are enormous.

"Eventually this could mean the end of insulin dependence for all type 1 diabetes sufferers." But she said there was a shortage of donor pancreases from which to extract islet cells, which means they could not treat everyone with type 1 diabetes. In the UK, 250,000 people have type 1 diabetes, also known as insulin-dependent diabetes. The condition usually appears before the age of 40. Japanese researchers recently said they successfully transplanted islet cells from a living donor.

Scientists have also been looking at ways to make more of the cells required using stem cells. Jo Brodie of Diabetes UK said: "The success of islet transplants is a major breakthrough in improving the lives of people with diabetes. "Diabetes UK is now funding the work which we hope will turn this breakthrough into a cure for all people with the condition. "The transplant work is moving forward all the time and we hope it will become more widely available in the future." Annwen Jones, chief executive of Juvenile Diabetes Research Foundation, which is also funding research into islet cell transplants, said: "Great improvements have been made since the first procedure of this type in 2001 and we are delighted that we now have the expertise to achieve insulin independence in the UK."

<http://news.bbc.co.uk/1/hi/health/4330717.stm>

National Audit Office report of NHS Cancer Plan

A National Audit Office report on the NHS Cancer Plan has said that there has been "substantial progress" but that "significant challenges" remain to ensure that the NHS achieves key targets. Edward Leigh, the Chairman of the Public Accounts Committee, said: "Only 78 per cent of patients with cancer urgently referred by their GPs are treated within two months, against a target of 100 per cent by the end of 2005." Professor Karol Sikora, an oncologist, said "the report's optimistic conclusion fails

to reflect the disturbing reality of the state of cancer services. It is based on an overall reduction of cancer mortality, something that has been going on for thirty years, mainly due to improvements in lifestyle such as a reduction in smoking. What really matters is what happens to cancer patients who are diagnosed as having cancer today. On this measure Britain still lags far behind most other countries in Europe and the US"

Pharmaceutical News

- + 'Trusting Brands in Society: The Quality and Value of Modern Medicine' – CNE Report
- + Latest calls for 'world R&D treaty'
- + Novartis enters the generic markets
- + Pharma Futures: Johan Hjertqvist

'Trusting Brands in Society: The Quality and Value of Modern Medicine' – CNE Report

CNE Health has just launched a major new report: 'Trusting Brands in Society: The Quality and Value of Modern Medicine'. Written by Stephen Pollard, Alberto Mingardi, Dr. Sean Gabb and Dr Tim Evans, it highlights the rigorous processes modern branded medicines go through before they enter the market. Countering the moral panics and scare mongering tactics of anti-capitalist politicians and journalists, the report argues that these products bring huge benefits to consumers and should be trusted. The key points of this report are:

- The research-based pharmaceutical industry has achieved and is achieving what would once have been regarded as miracles. It has created new branded products that cure or alleviate sickness and that have extended both the length and quality of life.

- At every stage of their development, medicines are subject to a series of stringent tests and regulations to demonstrate their safety, efficacy and quality. Even after a medicine has been licensed, it remains subject to close scrutiny and post-marketing surveillance procedures to identify quickly any unforeseen side-effects.

- Yet today, consumers too often lack public trust and confidence in these products. Unduly alarmed by unscrupulous media hype and political scare mongering, society now faces the prospect of having personal and public healthcare unnecessarily



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undermined by an on-going series of moral panics and counter-productive scares.

Today, there is a real and urgent need to rebuild trust between people and the medicines they use. At a time when - in reality - medicines are highly safe and hugely beneficial to personal and public healthcare, people are unnecessarily fearful. Fuelled by populist tales of pharmaceutical companies engaging in 'excessive profiteering', the production of 'dangerous products' and generally 'unethical behaviour', much criticism of the research-based pharmaceutical industry seems to proceed from a general and, in our view, inappropriate hostility to private business and a lack of understanding about the industry. Yet, given the demonstrable value and quality of today's medicines, the fact that consumers unnecessarily lack trust and confidence in them raises serious and profound challenges for us all - as well as potential dangers to people's own health. The authors of this paper believe that people should be encouraged to better understand the real benefits of the research-based industry and the medicines they produce. To give people a more truthful and objective understanding of the products available, their trust and confidence should be re-built via an active agenda of education and open communication.

Today, government, industry, patient groups, journalists and medical professionals should rise to the challenge of trust and actively encourage better education: On the processes of how innovative medicines are brought to market. So that people can understand the regulations and the markers of quality already in place for medicines. To actively engage medical professionals, patient groups, the public and pharmaceutical companies in a positive and more open dialogue appropriate for the twenty first century. Overall, the present regulatory framework is sound and ensures that new products are as safe as they can humanly be when introduced to the market. At every stage of the process, the burden of proof is solidly on the manufacturer to demonstrate that a product meets high standards of safety, quality and efficacy. If this cannot be shown beyond reasonable doubt, the medicine cannot be marketed to prescribers.

Today, the level of regulation governing the development, testing, manufacture and supply of pharmaceutical products is already large and growing. Nevertheless, because we have an increasingly complex and dynamic pharmaceutical market, this

regulatory framework should be adjusted so that it empowers pharmaceutical companies to speak directly with ordinary people, and so that ordinary people can tell the companies and each other about the medicines they want. However, this is not an argument for a completely unregulated market in pharmaceuticals and information. There is no public demand for that. Instead, what is suggested is that the present dialogue between medical professionals, patient groups, the general public, regulators and the pharmaceutical companies should be made less exclusive. It should cease to be a dialogue and widened into an informed discussion between the professionals and the companies - plus intermediaries trusted by the public and by ordinary people themselves. There may well be limits to what ordinary people can decide for themselves. Undoubtedly, though, ordinary people can be trusted to know, to exchange, and to decide more than is presently allowed.

Latest calls for 'world R&D treaty'

A group of medical researchers and non-governmental organisations last week urged the World Health Organization to set up a global treaty aimed at increasing research into diseases affecting the world's poor. According to the proposal, submitted to the World Health Organization Commission on Intellectual Property Rights, Innovation and Health, and the World Health Assembly Executive Board on 24 February, parties to the treaty would each have to devote a proportion of their gross domestic product to medical research.

Through a mechanism modelled on the way that greenhouse gas emissions can be traded through the Kyoto Protocol on climate change, countries would be able to earn credits against their funding commitments by, for instance, transferring technology to developing countries. The treaty would also use this credit mechanism to promote research on so-called neglected diseases, which affect millions of people in developing countries but receive scant attention from the global research community.

More than 160 scientists, public health experts, professors of law, economists, members of parliament, and others signed a petition supporting the treaty. Among the supporters Massimo Barra, vice-president of the International Federation of the Red Cross and Red Crescent Societies and Tim



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Hubbard, head of human genome research at the Wellcome Trust Sanger Institute in Cambridge, United Kingdom.

There is a growing feeling among such organisations and individuals that while investment in health research is greater than it has ever been, the existing focus on commercial production of patented drugs has not succeeded in providing drugs to those who need them most. They hope to encourage the focus to shift towards making effective therapies more widely accessible by, for instance, making the results of publicly funded research freely available through 'open access' agreements, and encouraging medical researchers worldwide to share more information.

Novartis enters the Generic Markets

Novartis, the Swiss pharmaceutical giant, announced in late February that it was entering the generic pharmaceuticals market. It had long been unusual amongst the leading pharma companies because it owned a generic producing subsidiary, Sandoz, but this decision bridges the branded/generic divide within one company.

The other large pharma companies, however, are unlikely to follow Novartis' lead and enter the generic market, as they believe the diversification would not ultimately yield worthwhile profits. Margins for branded drugs are significantly higher than in those in the generics market, and their existing model, centred on high R&D costs and extensive testing, is not conducive to the low production cost model of generic companies.

Novartis have entered the market partly because they believe the rapid growth of generics in recent years offers a potential for great rewards. The company recently stated that it believes the generics market will be worth \$100bn by 2010, by which time it hopes to have a 10 per cent share. The growth in the generics markets has primarily been driven by healthcare providers who, searching for financial savings, have increasingly opted for generic derivations over brand-name drugs. Novartis expects the biggest growth in the generics market to occur in Germany.

The other factor behind Novartis' faith in the long-term profitability of the generic market is the fact that an unprecedented number of branded drugs, developed

almost two decades ago, are about to reach the end of their patent life.

Economist Coverage -
http://www.economist.com/agenda/displaystory.cfm?story_id=3688601

FT Coverage (subsc.) -
<http://news.ft.com/cms/s/0b34b26a-8476-11d9-ad81-00000e2511c8.html>

Pharma Futures: Johan Hjertqvist

Imagine a future where, following the collapse of traditional welfare systems 'under the weight of demography', various interest groups become 'de facto venture capitalists', channelling funding towards (in the case of the healthcare sector) the R&D of cures specific to their disease.

In a recent blog on the CNE Health website, Johan Hjertqvist reveals that this is one of three scenarios gamed out by a new project, Pharma Futures. Designed as a scenario planning exercise, Pharma Future was designed 'to permit industry and its investors to assess and successfully act on the long-term risks & opportunities facing the pharmaceutical industry, while responding positively and in an economically viable way to the demand for health as global public good.'

The exercise, the first stage of which was completed in late December, found that 'fundamental change for the industry is inevitable since "muddling through" on the basis of the current business model will mean increasingly unsuccessful fire-fighting on a growing number of fronts. The report also highlights ways that the sector can manage this change and emerge profitable and successful. Critically, the report shows that these challenges will only be met if both the sector and its institutional investors change their thinking and adapt to the new circumstances.

'The report outlines how the immense and increasing pressures on the industry – for new drugs, lower cost health care, the significance of emerging markets, the current lack of trust, the need for access to medicines in least developed countries and the difficulties in creating incentives to reward first-mover behaviour – are interacting to create disincentives for adaptive first-mover response and argues that continued and deeper dialogue amongst all stakeholders is critical.'



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Johan explores the report's finding on how the 'global pharmaceutical industry [will] react to the challenges to come'. In the "producer scenario" scientific breakthroughs open markets for increased sales of medicines. The "patients scenario" imagines a consumer-driven health market. And in the third scenario - "Politics & Public Health" - a worldwide pandemic provokes governments and authorities to take charge over pharma policies.'

Obviously, such studies are limited in their application to any future reality, but they are instructive for policy

makers and opinion formers because they encourage a versatile approach to future healthcare policy and a greater understanding of the trend that drive it.

Pharma Futures - www.pharmafutures.org/

Johan Hjertqvist Blog –
www.cnehealth.org/blog_archive/archive_hjertqvist_2005.htm#304



CONFERENCES, EVENTS AND PUBLICATIONS

Upcoming Events in Europe

- + **11 April:** The New Indian Patent Law: Will it harm or heal – International Policy Network Trade Seminar (Geneva)
- + **13-15 April:** 10th European Forum on Quality Improvement in Healthcare 2005 (London)
- + **15 June:** Healthcare Consumer Summit – Health Consumer Powerhouse (Brussels)

The New Indian Patent Law: Will it harm or heal – International Policy Network Trade Seminar

India recently adopted a new patent law, bringing it into compliance with TRIPS. Some have argued that this will dramatically raise the cost of medicines - harming public health. Others contend that patent protection for pharmaceutical products will stimulate investment in R&D into new medicines. Who is right and what will be the broader impact of India's new patent law? **Bruce Lehman**, formerly of the International Intellectual Property Institute (IIPI) and **Dr. Prabuddha Ganguli** of Vision-IPR will be speaking.

For further details please contact alec@policynetwork.net or call (44) 0207 836 0750

10th European Forum on Quality Improvement in Health Care 2005

Only preliminary details are available at present. The conference will be held over three days at the ExCel centre in central London, and is jointly sponsored by BMJ Publishing Group, Institute for Health Care Improvement, NHS - National Patient Safety Agency, NHS - Modernisation Agency, and NHSU.

Register on-line at www.quality.bmj.com

Health Consumer Summit – Health Consumer Powerhouse

The Health Consumer Powerhouse will host its first Health Consumer Summit on June 15th in Brussels. The summit will bring together creative and influential consumer advocates from around the EU, and will feature **Christofer Fjellner MEP** and **EU Health Commissioner Markos Kyprianou (TBC)**. **Johan Hjertqvist**, President of the Health Consumer Powerhouse, will also present the HCP's vision of the era of the health consumer.

Visit the Health Consumer Powerhouse website – www.healthpowerhouse.com

New Publication

- + *The Healthcare Lobbyist*

The Healthcare Lobbyist

A new, monthly publication covering healthcare government affairs in Europe and the US is to be launched in April 2005. *The Healthcare Lobbyist* will report on organisations involved in healthcare and the lobbying campaigns they lead at national and pan-national level. The publication will also feature general articles on how to lobby governments. Think tanks are welcome to contribute. For editorial and subscription enquiries, write to peter.rixon@informa.com.

If readers hear of – or are holding – other events, please let CNE know so that we can include them in this listing.