

70 is the New 50



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Ageing is probably one of the most widely discussed topics today. No longer do we stop being active and productive once we hit 70-years-old. Nor are we only behaving younger for longer; thanks to advances in science and technology, we are also living longer, too.

While few would question the value of improved longevity, most acknowledge that increased lifespan does not necessarily imply improved health span. Indeed, analysis of pharmaceutical use and life expectancy over the last five years shows that population aging is more likely to result in higher rather than lower demand for healthcare (Figure 1).

Our notions of what it means to be old are transforming, our desire to remain active paramount, but at what price? And who will pay for our healthy longevity in a rapidly aging world?

For national payers already struggling to allocate finite resources, pharmaceutical manufacturers under pressure to deliver new

therapeutic innovations and patients determined to give themselves the best chance of aging well, the potential impact of this rapidly growing market segment is enormous.

Footing the bill: payers

Drug innovations in recent decades may have transformed the ability to diagnose and treat diseases that primarily affect the elderly, but for governments, private and national healthcare payers, managing the consequent growth in costs is already a defining challenge. Expenditure on drugs has been growing comparably across all the major Western countries (Table 1).

Various measures to contain escalating healthcare expenditure are hitting hard in many nations. Among them, tighter reimbursement controls and higher co-pays are increasingly shifting the financial burden of prescription drugs to patients. Globally, the use of health technology assessments is also

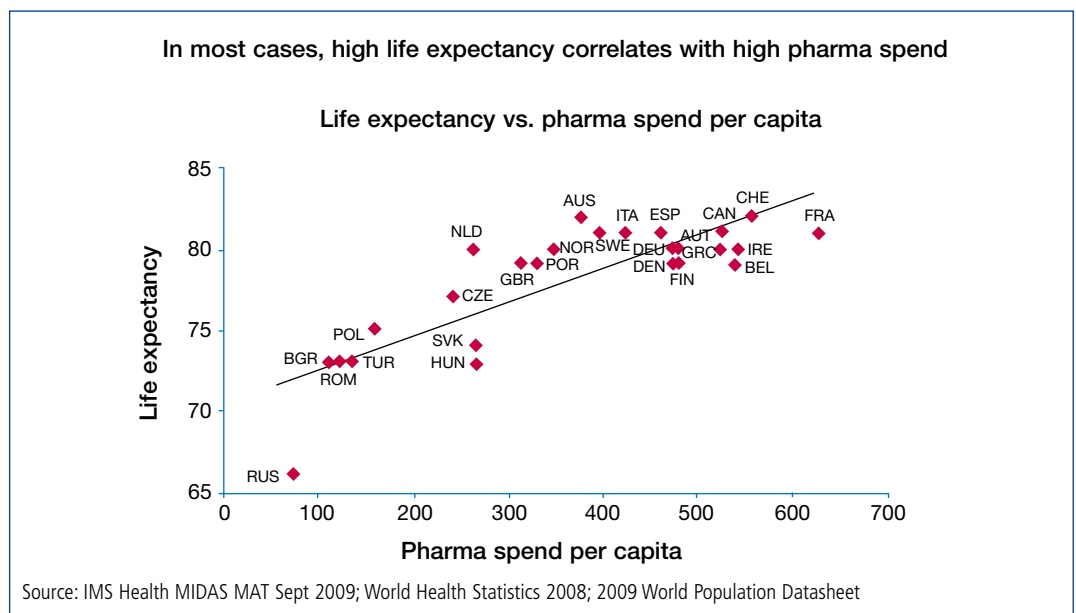


Figure 1. In most cases, high life expectancy correlates with high pharma spend.

Table 1
Top 10 markets pharmaceutical sales and growth (audited markets in MAT March 2009)

Country	US\$bn 2009	% Mkt Shr 2009	% Growth Const US\$ 2009	CAGR 04-08
10 key markets	\$560.6	77.7%	3.8	5.9
United States	288.5	40.0	2.4	6.3
Japan	71.6	9.9	3.0	3.0
France	41.0	5.7	2.1	5.4
Germany	40.1	5.6	4.2	4.1
Italy	25.7	3.6	3.9	4.1
Spain	22.0	3.0	7.7	8.0
United Kingdom	20.9	2.9	4.1	3.1
China	20.8	2.9	25.2	22.0
Canada	18.0	2.5	5.8	8.1
Brazil	12.0	1.7	11.9	11.6

The rising cost in pharmaceutical expenditure across 10 key markets. Source: IMS Health, MIDAS, MAT March 2009.

growing as payers become increasingly focused on determining value for money before granting market access; some systems are also adopting pay-for-performance agreements; critically, most are now advocating the use of generics.

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Meeting the need: pharmaceuticals

For the healthcare industry, population aging has also begun to make its mark: prolonged life expectancy in diseases previously associated with high mortality is extending the use of longer-term

chronic therapies. There is now evidence to show that pharmaceutical consumption can delay or even prevent costly hospitalization in some patients. Therapies to improve quality of life in terminal diseases are also playing a growing role.

While it could be argued that there are now gold standard treatments for the majority of illnesses, there is still a need for more innovation across the therapy areas addressing disorders of older citizens: better prevention and treatment of heart disease; therapies to delay or prevent the course of progressively degenerative conditions such as COPD or Type 2 diabetes; and improved treatments for disabling disorders such as Alzheimer’s or Parkinson’s disease.

Will an aging population herald new opportunities and truly innovative medicines or prove the catalyst for further restraints and ever lower-cost care? It comes at a time of growing pressure for pharmaceutical manufacturers worldwide.

Already facing exposure to generics in a number of key strategic classes and greater uniformity in pricing, companies are being challenged to find more sophisticated and creative ways of demonstrating added value. Will they be forced into new ways of innovating? Will the imperative to balance efficacy with affordability require a

move into non-traditional areas such as new platforms, devices, diagnostic testing and other treatment support? Could it signal the emergence of a new, open-ended model of integrated resources and partnerships with health organizations? Will it, in fact, completely redefine the entire business of pharmaceuticals?

Creating the demand: patients

Already a proven force for change in matters of coverage and reimbursement, patients are fast becoming a potent, knowledgeable and engaged consumer base. As their enforced contribution to healthcare financing continues to rise, patient choices around branded, generic or OTC products will be increasingly important—as will their willingness to pay. The full extent of patient influence remains to be seen. How far they will be prepared to go—and in which direction—remain critical questions. Regardless, their changing profile as smart, connected consumers cannot be ignored.

Imperative for action

The challenges of an aging population raise important issues regarding the preparedness of existing healthcare resources to maximize the health and well-being of their senior citizens. As payers continue to push back on rising costs and patients become increasingly assertive, all parties will need to find new ways of working towards the common goal of living longer successfully.

How will this be achieved? Preemptive plans are essential; policies, programs and reforms will need to be geared towards greater levels of chronic illness, higher disability rates and long-term care; nations at an earlier stage in the process must look to existing analogs to improve their healthcare investments for an aging population. Now is the time to harness the information and identify the research needs that will be key to achieving more rational choices and ensuring that priorities are aligned to a healthier, older future. **CPM**



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