
Arguments of Health Economics for Medical Device companies in Europe:

Can the 'value for money' message be delivered more effectively?

CONSULTANCY REPORT SPECIFICATION

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1. Arguments of Health Economics in ascendancy

Why the study?

The decision making landscape of Policy Makers for healthcare is changing irrevocably. Financial aspects of the issues are ever more important:

- **Reimbursement reform** – A number of countries (Netherlands, Hungary, France, Germany, UK , etc) have recently introduced reforms, in others, reform is on-going. For some, DRGs are being used for the first time. Policy makers and companies are coming to terms with a) the occasional perverse incentives (e.g. premature patient discharge) and b) the sometimes bizarre anomalies (e.g. DRG value for primary hip replacement with cemented approximately equal to uncemented). US experience suggests a constant revision of rules applied (*AdvaMed 2003*).
- **Patient choice and expectation** – The general public are increasingly knowledgeable about the medical options available to them. They are demanding greater choice from the multitude of medical options and where they might receive treatment. Policy Makers are being forced to respond, often in ways that dictate that the costs of treatment follow the patient and that economic assessments of alternatives are transparent.
- **Health Technology Assessments (HTAs)** - HTA has received increasing attention in Europe in the past 10 years as an instrument to support decision-making in health care policy and planning. More recently the economic dimension has gained a significant weight. Yet methods are confused and sometimes misleading: “The reviewers judged that in 48% of the economic evaluations it was unclear as to whether the choice of costs was appropriate in relation to the study perspective,” (*Danish HTA Agency Study, 2003*).
- **Investment v. current costs** – Slow economic growth or stagnation in many Member States of the EU is forcing demanding budgetary discipline. In healthcare the tension between funding long term investment and meeting current expenditure is particularly acute. Arguments to support investment in medical technology have never been never more challenging.
- **Brussels encouraging IT use** – On the whole the role of the EU in Brussels in healthcare provision is limited. However, with the general commitment to investing and developing the ‘Information Society,’ Brussels has long been encouraging European Health Ministers to adopt ‘e-Health’. A number of national operators have embarked on significant investments – this will transform the availability of financial data and the opportunity for economic justification of treatments.

2. Challenges for Medical Device message delivery

Industry failures?

A number of issues in lobbying and communication practice by Medical Device companies has spurred us on to research and prepare this report, for example:

i) **Recognising the target audience** – the need to change

The findings of the project could well dictate a radical overhaul of the sales and marketing communication effort – especially if we contrast the situation five years ago with predictions for five years forward (Figure 1).

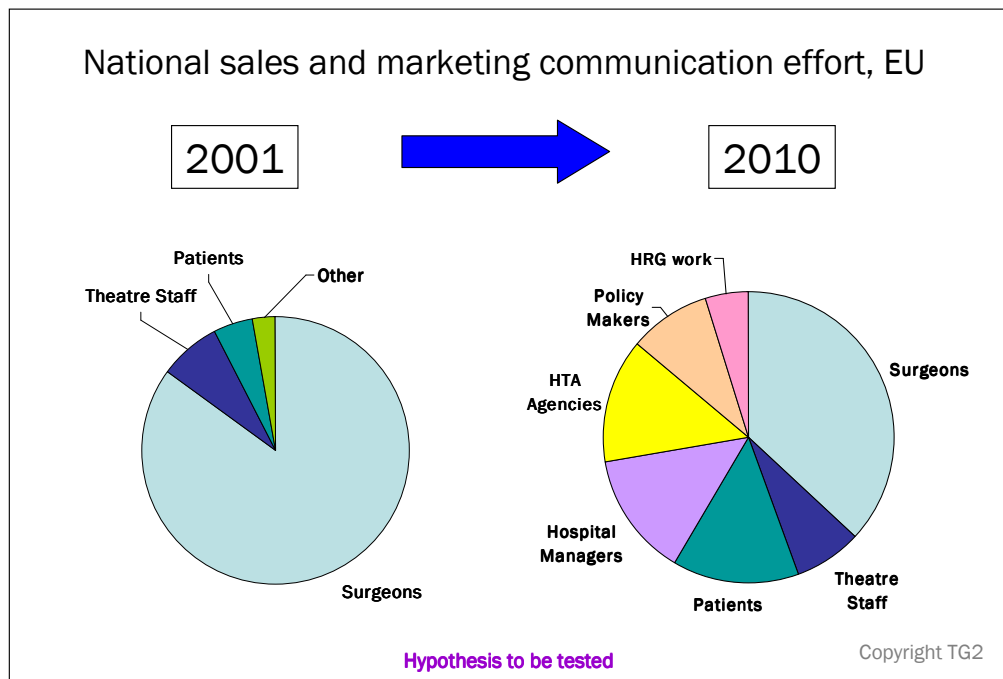


Figure 1

ii) **The changing message**

In delivering the message for medical innovation and new product adoption, how will the emphasis change in the coming years (Figure 2)?

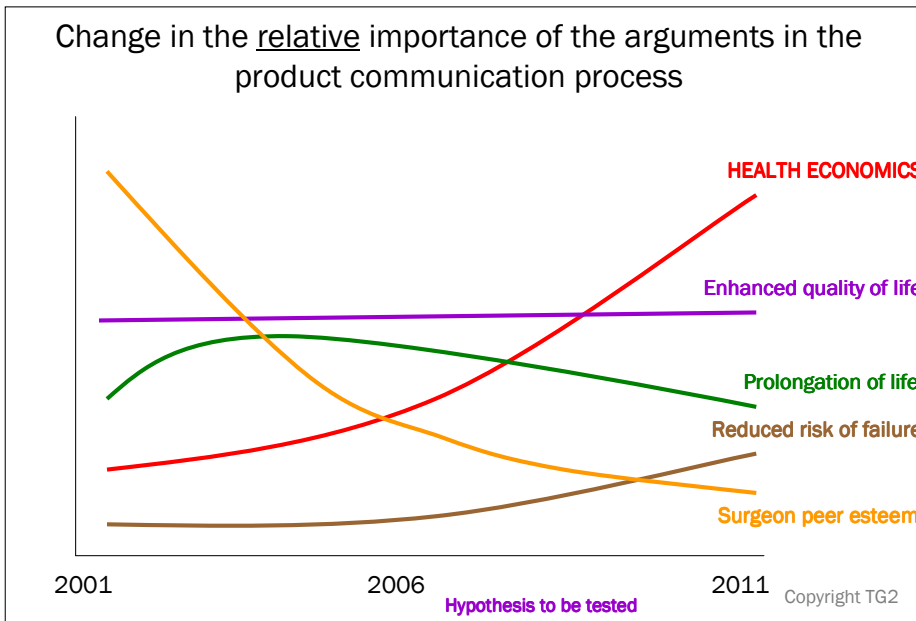


Figure 2

iii) Adopting a different communication mix

As the nature and components of the target audience changes, the marketing communication and lobbying mix may need to be reviewed (Figure 3).

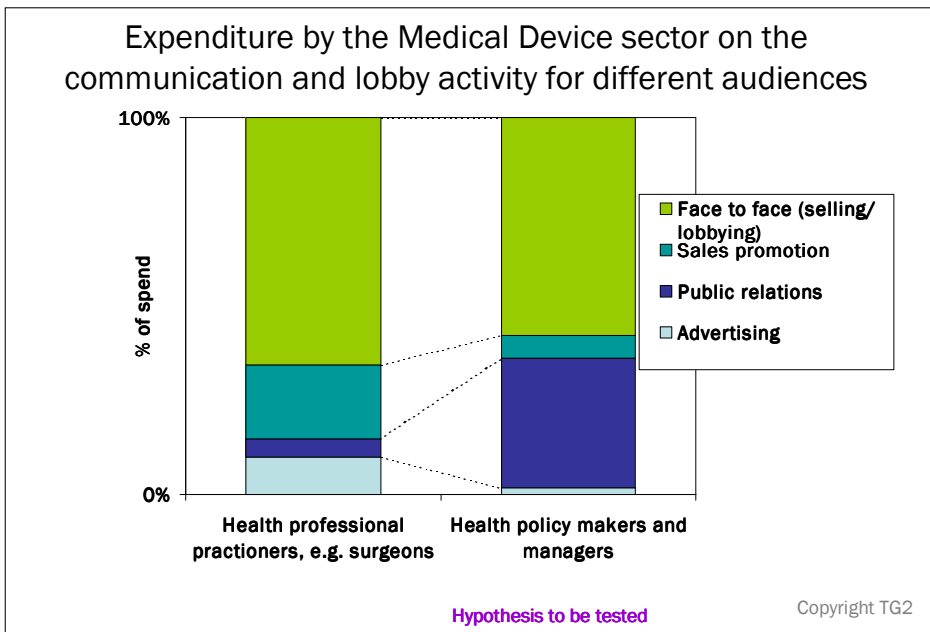


Figure 3

3. Objectives of the project

- a) To increase understanding of how the health economic drivers are being worked out in practice in the EU market for Medical Devices;
- b) To ensure that Medical Device companies are assembling the best economic indicators for supporting the early and sustained uptake of their products;
- c) To ensure that the value for money argument for Medical Device products is delivered to policy and decision makers in the most effective manner;

And ultimately...

- d) To increase the value of sales for each subscriber to the project report.

4. Who the report is for

JOB RESPONSIBILITY	CEOs Principals Reimbursement specialists Clinical trials managers	Government & Public Affairs Marketing & Product managers Corporate communication
REIMBURSEMENT KNOWLEDGE & TRACKING	Those companies who have one or more individuals specifically assigned to reimbursement and related issues in Europe. The project will help you carry the internal political argument for improved resources	Those that leave the health economic arguments up to national marketing teams. The project will serve as a valuable centralised resource
LOCATION	EU-based US global companies Japanese global companies	Exporters into EU from – USA Far East Australasia
BUSINESS TYPE	Active implantable devices Non-active implantable devices Biotechnological products Dental Ophthalmic	Anaesthetic/respiratory equipment Electromedical equipment Diagnostics Surgical instruments Medical disposables

5. Scope of the report

- Geographical coverage
 - The five big EU markets: Germany, France, Italy, Spain and UK
 - Other markets where differences which affect principles are especially noteworthy
- Healthcare sector
 - focus on secondary care
- Products to which the recommendations are applicable
 - Non-active implants
 - Active implants
 - Non-implant equipment
 - Diagnostics
 - Biologicals
- Report outcomes
 - Implications for company specific strategy and actions
 - Implications for industry co-ordinated response
- Time horizon:
 - 2006 to 2010

6. How will you use the report?

- To provide a basis for reviewing overall company **-resource allocation** leading to changes in the way in which the Medical Device health economic argument is assembled and disseminated.
- To provoke an internal review of **clinical trials protocols** in order to gather economic information more in tune with future argumentation by policy makers.
- To establish a **communication strategy** that takes full cognisance of the personal motivators, differentiating audiences by target category and country.

- To engage in an effective **communication plan** that uses all the marketing communication skills – to grab attention, raise interest, secure conviction and overcome obstacles.
- To pursue programmes of economic research and critique, which will more effectively **refute the data sets** used to formulate DRG values.
- To appraise the company individuals with health economic responsibilities on how best to use and co-ordinate the full range of **PR and lobbying campaigns** in the communication challenge.
- To identify the needs for **training** to deliver ‘health economic arguments’ in support of Medical Device products to different target audiences.

7. Draft report contents

- ✓ Expected ~100- 150 pages including graphics and annexes
- ✓ Review of Germany, France, Italy, Spain, UK + other countries when significant

7.1 Economic drivers for healthcare providers

The arrival of health economics as the pre-eminent dimension of health care policy

Funding health challenges

- ⇒ Ageing population – are the pressures accelerating?
- ⇒ Affording and investing in new technology – the pace of change increasing
- ⇒ Choice and expectation – greater knowledge and aspirations of patients
- ⇒ Economies of scale in health provision – secondary v. primary care
- ⇒ Tensions between different fund use options – competition for resources
- ⇒ The role of general country economic well-being

7.2 Policy response options

What options are available to policy makers in order to respond to these drivers

- ⇒ Increase income
 - Taxation or social security funding;
 - Reduce subscriber exemptions
 - Increase patient contributions
 - Find other income sources (e.g. accident insurance)
- ⇒ Reduce costs, e.g.
 - Hospital closures / consolidation of services
 - Change contract rules
 - Reduce access to newer technology
 - Increase eligibility criteria for judging urgency and necessity of provision
- ⇒ Increase efficiency of health provision
 - More output for the same or less input

7.3 Efficiency mechanisms available to Policy Makers

Across Europe a range of different instruments are being introduced or modified in the incessant drive for greater efficiency in secondary health care provision

- ⇒ Reimbursement reform
 - focus on status in five key markets:
 - Germany
 - France
 - Italy
 - Spain
 - UK
 - + illustrations from other EU markets as appropriate
- ⇒ Health Technology Assessment
 - Principles, agencies involved, clinical appraisal
- ⇒ Performance output
 - indicators used
 - uniformity
 - reliability
 - inconsistencies
- ⇒ Perverse incentives

7.4 Medical Device supplier arguments of health economics

Assembling the economic arguments to be used in dialogue with policy decision makers

- ⇒ Health equals wealth – more rapid return to work >> increased productivity
- ⇒ Reduce hospitalisation costs – stay length, labour and medication resources
- ⇒ Greater recovery and survival rates – long term cost reduction or cost addition?
- ⇒ Avoid secondary complication and associated costs
- ⇒ Product quality v. cost compared to competitors – e.g. lower risk of failure.

7.5 Target audiences for Medical Device companies

- *What drives the individuals to whom you wish to bring economic arguments?*
- *Do the target audiences have 'corporate' positions and styles that can be mapped, just like brand mapping?*
- *How should your messages be moderated and moulded to be better in tune with these maps?*

- ⇒ Politicians
 - National governments
 - Brussels
- ⇒ Policy makers
 - Civil Service
 - Government and other agencies
- ⇒ Hospital managers and administrators
- ⇒ Patient and professional NGOs

7.6 Delivering the economic arguments

- ⇒ Catching target's attention
- ⇒ Gaining conviction
 - Presentation style - length, language, layout
 - Types of media used - direct, PR tools
 - Process - sustaining the argument at various levels
- ⇒ Overcoming the obstacles
 - Deficiencies of DRG data
 - In-patient v. out patient costing anomalies
 - Competitors data
 - Overseas data
- ⇒ Using more neutral delivery partners - e.g.
 - University departments
 - NGOs - professional and patient

7.7 Strategic implications

Differentiated conclusions where appropriate for

- *Non-active implant manufacturers*
- *Active implant manufacturers*
- *Non-implant equipment manufacturers*
- *Diagnostics*
- *New technology- biological, nanotechnology, and the like*

Innovative strategies for delivering the 'health economic argument', including:

- ⇒ Insuring the right data is collected and assembled – e.g. clinical trial protocols
- ⇒ Differentiating the communication strategy according to the different target audiences by category and country
- ⇒ Engaging a communication plan that uses all the marketing communication skills – to grab attention, raise interest, secure conviction and overcome obstacles
- ⇒ Tools for refuting reimbursement data (DRGs) and anomalies in the data sets
- ⇒ Options for structuring the process activity within your company - who does what? Gathering data, formulating, delivering to the different target audiences
- ⇒ Application of different PR skills for message delivery
- ⇒ Needs for training on how to deliver 'health economic arguments' in support of Medical Device products

8. Research method and resources

8.1 Method

a) Desk Research

- published material
- annual reports
- position papers
- work programmes
- conference papers

b) Interviews with

National Government Officials	University staff – Centres of Excellence
Brussels policy makers	Journalists
Professional representation	Trade Associations
NGOs	

c) Brainstorming sessions

- strategic implications

9. References: our heritage

[e-mail for copy of TG2 Credentials presentation](#)

TG2 is a public affairs and marketing communication consultancy that specialises in the health (medical devices) sector.

9.1 Our mission statement

As a European public affairs and marketing communication consultancy specialising in healthcare: *“to deliver business enhancing services to our customers of unbeatable value for money”*

9.2 Previous multi-client projects: EU & Brussels lobbying

author or co-author: Tony Houghton

- ◆ [Innovative strategies for ‘Medical Device’ lobbying in Brussels: Gaining company specific competitive advantages, June 2005](#)
- ◆ [European Parliament and industry to 2010: new tactics to improve lobbying of Parliament , June 2001](#)

- ◆ [NGOs & Consumer Organisations: strategies for industry to establish constructive communication, February 2001](#)
- ◆ [The commercial impact of EU Enlargement to include East & Central Europe, Sept 1997.](#)

9.3 Examples: company specific projects (2003 – to date)

- ◆ 'Think piece': alternative hypotheses for communicating Medical Device interests in Brussels.
- ◆ Report: "Regulatory framework for data protection affecting eHealth websites Europe."
- ◆ Report: "Advertising, promotion & internet for medical devices: Codes & regulatory framework in the EU."
- ◆ Retainer: developing concept and executing start up, first six months "Management Brief," a monthly and internal company publication concerning EU regulatory issues affecting Medical Device company's business.
- ◆ Training: running training workshops for Europe marketing teams on regulatory procedures for websites and communication.

9.4 Our heritage

- ◆ Roots go back to 1985
 - ◆ Reputation – incessantly creative
 - ◆ Calling – to be exciting to work with
 - ◆ Head office in UK
 - ◆ Other European resources:
 - Brussels
 - and strategic partnerships
 - ◆ North America: partnership with US agency – healthcare specialism
 - ◆ consultancy supplying
 - advertising
 - marketing communication and promotion

Why TG2? All this is for your benefit, so that the grace that is reaching more and more people may cause thanksgiving to overflow to the glory of God. 2 Corinthians 4:15

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