# China MedTech Market Access Trends

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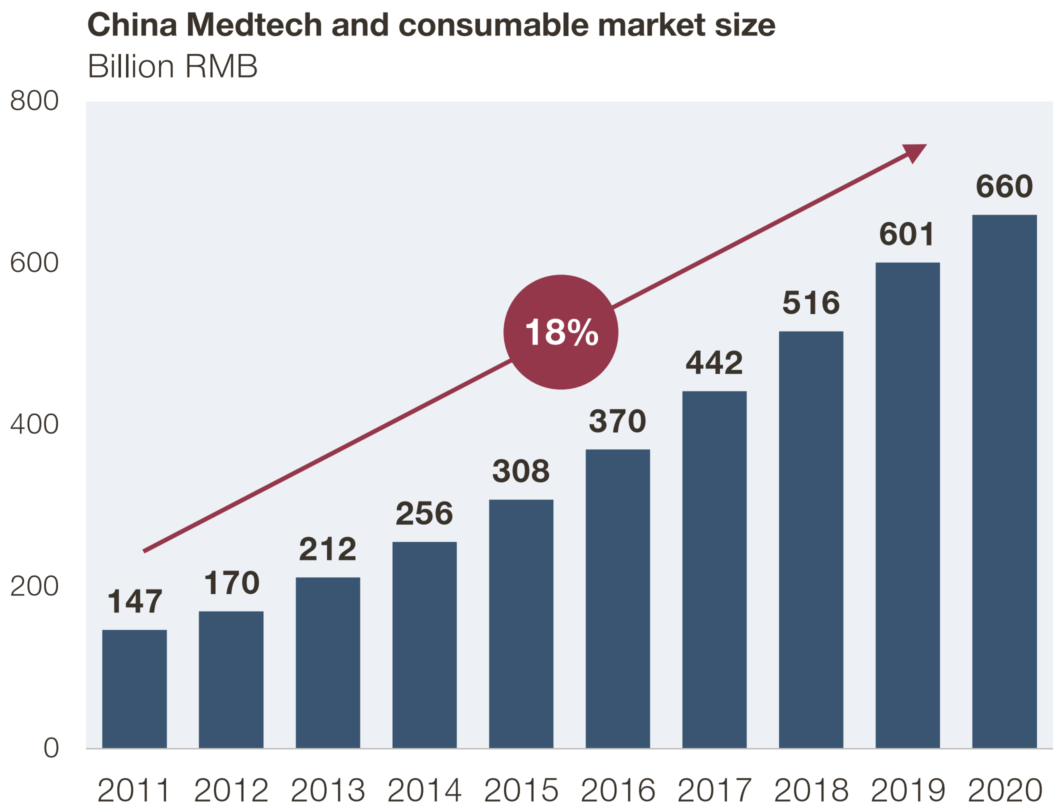
# China MedTech and consumables market has been growing at fast pace over past decade, but 2020 will be an eventful and watershed year for the sector






- **China MedTech and consumable industry** has seen **strong growth over the past decade**, driven by strong underlying demand, healthcare infrastructure buildup and innovations from the supply side
- While all the underlying drivers remain robust, **2020 will be an interesting and eventful year** for the industry
  - A number of policies issued in 2019 and will come into effect in 2020 onwards, bringing significant impacts to the industry
  - COVID-19 impacts to the industry was highly visible in H1 2020, and will have more profound impact on the reform going forward
  - Downstream market and channel structure will see dynamic changes going forward
  - Stakeholder landscape has been evolving, and HTA importance is being recognized
  - Industry would need to be prepared by building market access capabilities internally

Sources: China Medtech Bluebook, Simon Kucher analysis.

# Future development of China MedTech and consumable sector will be shaped by a number of policies and events

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### June 2019

- NHSA issued guiding principles on **Standardization of healthcare insurance payment** 《医疗保障标准化工作指导意见》
- NHC issued **Medical consumables management at Healthcare service facilities** 《医疗机构医用耗材管理办法》

### July 2019

- State Council issued **High value medical consumables reform measures,** 《治理高值医用耗材改革方案》, *aka Circular 37*

### July 2019

- NMPA and NHC issued **Pilots on UDI** Unique Device Identification《医疗器械唯一标识系统试点工作方案》
- **VBP (Volume based procurement) pilots** were carried out in Jiangsu and Anhui
- Shanxi, Shandong, Liaoning, Gansu, Hunan, Yunnan, Chongqing and Hainan started to follow
- **Procurement alliances** across Beijing, Tianjin and Hebei; Liaoning, Heilongjiang, Jilin, Shanxi and Inner Mongolia started to follow

### December 2019

- **Two-invoice system** policies in place for most provinces Shaanxi, Liaoning, Fujian, Hainan and Hebei implementing
- **NHSA issued consumables categorization and UDI guidance** covering 17 categories and over 30,000 consumables

### January 2020

- **Covid 19** trigger lockdowns
- NHC issued the **first batch of high value consumables** to prioritize for reforms《第一批国家高值医用耗材重点治理清单》

### June 2020

- Beijing Covid 19 outbreak
- NHSA issued **2nd batch reimbursable consumable catalogue** covering 32,554 devices and consumables

### Sept 2020

- State Council and NHSA announced on **first nationwide VBP focusing on coronary stents** to be completed by 2020

### October 2020

- Starting from Oct 1st 2020, **first batch of 115 medtech companies need to have UDI** per NMPA requirements, covering 16 categories of medtech consumables

### December 2020

- Full implementation of **PMCC tariff coding and UDI** by end of 2020

Sources: China Medtech Bluebook, Simon Kucher analysis

# This report is based on our 2020 China MedTech Market Access Trends survey and a wealth of current Simon-Kucher project experience in MedTech

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## Globally renowned consultancy for top-line improvement

| | | |
|---|---|---|
| *Financial Times*<br>**Marketing, Brand, Pricing**<br>2018 | *brand eins/Statista*<br>**Marketing, Sales, Pricing**<br>2014 to 2020 | *Capital*<br>**Marketing, Sales, Pricing**<br>2016, 2018 (conducted every two years) |
| *Bilanz*<br>**Marketing, Sales**<br>2019 | *MT Magazine*<br>**Strategy Consulting**<br>2018 | *Forbes*<br>**Marketing, Brand, Pricing, Sales**<br>2016, 2018 (conducted every two years) |

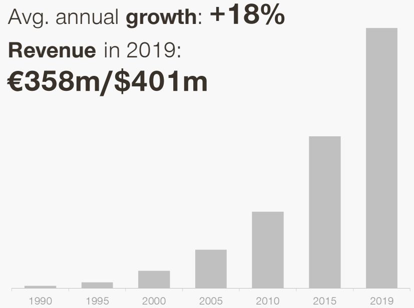
## Facts and figures

Global locations:
**39** offices in **25** countries,
**>1,400** employees

Number of projects per year **>1,300**

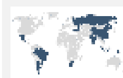
1985 1990 1995 2000 2005 2010 2015 2020 2025

Avg. annual **growth**: **+18%**
**Revenue** in 2019:
**€358m/$401m**




## Extensive experience in Life sciences

Over **100 projects** in **China**



Over **350 projects where an emerging market was a key focus**

Over **400 projects** in the **US**

Over **500 projects** in the **5 largest EU countries**

established relationships with key stakeholders in all of the major healthcare markets

## Key topics of China MedTech Market Access Trends survey

- Policy impact and trend
- COVID-19 impact
- Channel dynamics
- Market access decision-making stakeholders
- Market access capabilities & change readiness

## Participating companies and stakeholders for this survey

FUNCTION

- Market Access
- Health Economics
- Growth and Innovations
- Business Development and Strategy
- Managing director
- …

COMPANIES

- Medtronic China
- Johnson & Johnson Medical China
- Smith & Nephew China
- Danaher/Beckman China
- Arjo China
- Agilent China
- WS Audiology China
- …

Source: Simon-Kucher & Partners.

1 *Policy impact and trend*

# While reform measures have an overarching impact on the sector, VBP is expected to be most impactful in the short-term and DRG for the long run

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## QUESTION AND OPTIONS

**能否请您点评近来主要政策对高值耗材行业带来的影响，并对给贵司业务未来两年影响定量打分 1-10**（1影响极小，10影响极大）

**Could you assess the impacts of recent policies on MedTech and high-cost consumables market in China, on a scale from 1-10** (1= lowest impact; 10 = highest impact)

## SCORING RESULT

| | |
|---|---|
| 《治理高值医用耗材改革方案》<br>High value medical consumables reform measures | 8.5 |
| 《医疗机构医用耗材管理办法》<br>Medical consumables management at Healthcare service facilities | 8.0 |
| 《医疗保障标准化工作指导意见》<br>Standardization of healthcare insurance payment | 7.8 |
| 医保支付方式改革如DRG<br>Diagnosis-related grouping | 8.4 |
| **分类带量采购 VBP<br>Volume-based procurement** | 9.0 |
| 三流合一<br>Convergence of three flows: cash, goods and invoices | 3.5 |
| 两票制<br>Two-invoice system | 3.5 |

The first two options have significantly lower score (average at 3) for diagnostics or medical equipment

## INSIGHTS

See deep-dive on next slide

- **High value medical consumables reform measures are expected** to have **most significant impact among all policies**, as they will shape the access catalogue and thus access and reimbursement fundamentally; however the impact is very different for high-value consumables vs. diagnostics or other medical equipment by definition
- **DRG** is expected to have **lasting**, **long-term impact** as it will drive fundamental changes in payment mechanism
- **VBP** is expected to have **highest near term impact**, esp. as the price pressures have been significant from recent pilots

Source: Simon-Kucher & Partners.

1 *Policy impact and trend*

# Deep-dive: **High value medical consumables reform measures《治理高值医用耗材改革方案》would have significant implications on many aspects**

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| Aspects | Measure summary | Impact |
|---|---|---|
| **Reimburse-ment** | ▪ Clearly state **volume-based procurement** measure, which took effect in 2019H2<br>▪ Plan to **establish UDI Unique Device Identification regulation** and gradually **unify national classification and numbering** of high-value medical consumables in healthcare insurance by end of year 2020<br>▪ Implement **dynamic adjustment to the access and catalog of healthcare insurance**; introduce access management measures by the end of June 2020<br>▪ Strengthen payment reform in healthcare insurance<br>*"This policy has by far the most impact and implications as it is all encompassing across all aspects of the high value consumable business, with clear timelines for implementation."*<br>*- A leading MNC in orthopedics* | ***** |
| **Hospital** | ▪ **Eliminate mark-up** of medical consumables by end of 2019<br>▪ Improve specification and **guidelines of clinical diagnosis and treatment for key departments and diseases**; improve its standardization and strictly manage clinical pathways<br>▪ Incorporate the use of high-value medical consumables into the healthcare insurance service agreement of designated healthcare institutions, enhancing the management of physicians/ doctors | ***** |
| **Distribution** | ▪ **Standardize the sales and procurement contracts**. Healthcare institutions must strictly follow the contract to complete the payment<br>▪ **Promote the "Two-invoice system"** and the pass of the measure locally to decrease the distribution routes/ levels of high-value medical consumables by the end of 2020 | **** |
| **Supplier** | ▪ Strictly **standardize the pre-market registration and approval process** for high-value medical consumables, and strengthen the effective connection between healthcare insurance management and registration for new products<br>▪ **Intensify** sampling **inspections**, unannounced inspections, and inspections of production lines<br>▪ Establish the product **traceability system** and the **lifetime responsibility system** for product quality | *** |

Source: Simon-Kucher & Partners. State Council《治理高值医用耗材改革方案》

# Deep-dive: **Jiangsu 1st round VBP has seen large impact on cardiovascular consumables**

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| | 2 rounds of VBP in Jiangsu province in 2019 | |
|---|---|---|
| | Jiangsu 1st round, July 2019 | Jiangsu 2nd round, September 2019 |
| **Tender scope** | ▪ Rapamycin and its derivatives stents, dual-chamber pacemakers<br>▪ Estimated[1] 70% of total purchase volume | ▪ Ophthalmic intraocular lenses, vascular intervention balloons and orthopedic artificial hip joints |
| **Participated hospitals** | 55 level 3 hospitals in Jiangsu province | 107 level 3 hospitals in Jiangsu province |
| **Rules** | ▪ Procurement cycle: 1 year<br>▪ Volume commitment: Hospitals within the framework should prioritize the use of the bid-winning products to fulfill the volume specified in the contract<br>▪ Pricing: Hospitals within the framework could not negotiate the price separately once defined in VBP | |
| **MNC winners** | Abbott, Biotronik, Boston Scientific, Medtronic | Alcon, Allergan, Abbott, Braun, Carl Zeiss, Smith Nephew, Medtronic |
| **Local winners** | Lepu, Microport | Aikang, Microport, Yinyi |
| **Tendering result** | Average price cut:<br>▪ 51% for stents<br>▪ 16% for pacemakers<br>Maximum price cut:<br>▪ 66% for stents<br>▪ 38% for pacemakers | Average price cut:<br>▪ 74% for cardiovascular<br>▪ 47% for orthopedics<br>▪ 27% for ophthalmology |

Nanjing, the capital of Jiangsu province has initiated its own VBP (with hospitals in Nanjing, Huai'an and Taizhou city) and completed 3 rounds in 2019, including products like cardiovascular, hemodialysis machines, orthopedics, etc., with average price cut of 25%

*"VBP has been rolling out in selected provinces and the price impact has been drastic, while the volume commitment hasn't been clear."*
- A leading MNC in high-value consumables

*"Having local JV and manufacturing helps us hedge the risks, and we had wins in both categories."*
- A leading MNC in high-value consumables

Source: Simon-Kucher & Partners. Industrial securities. 1) Volume estimated based July 1st, 2018 to June 30th, 2019. 1) Volume estimated based October 1st, 2018 to September 30th, 2019.

# Deep-dive: **VBP rollout overview: While most provinces have put VBP on their agendas, there are variations in timeline and TA focus**

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## 2020 VBP summary: Category, method and timeline

| Region | Province | Category | Method | (Estimated) timeline |
|---|---|---|---|---|
| North | BJ, TJ and HB | High-value consumables | VBP, according to category | 2020.1 |
| | Hebei | High-value consumables | Listed on website | Ad-hoc supplement |
| Northeast | Liaoning | Reagents | Listed on website | H1 2020 |
| East | Jiangsu | High-value consumables | 3rd round VBP | 2020.1 |
| | Fujian | Reagents | Listed on website | H1 2020 |
| | | Low-value consumables | Listed on website | H1 2020 |
| | Shandong | Low-value consumables, reagents | Tendering | H1 2020 |
| | | High-value consumables | VBP | H1 2020 |
| | Zhejiang | Medical consumables, reagents | Transparent procurement | Monthly supplement |
| | Anhui | High-value consumables | Supplement | Quarterly supplement |
| | Shanghai | Consumables with reimbursement code | Transparent procurement | Ad-hoc supplement |
| | Jiangxi | High-value consumables | Supplement | Ad-hoc supplement |
| South central | Guangxi | High-value consumables (apart from vascular intervention) | Listed on website | H1 2020 |
| | | High-value consumables | VBP | H1 2020 |
| | Hunan | Orthopedic implants, vascular intervention, ophthalmology | VBP | H1 2020 |

Source: Simon-Kucher & Partners. www.zcqxxx.com. Saibailan. Industrial securities.

1 *Policy impact and trend*

# Deep-dive: **VBP rollout overview: While most provinces have put VBP on their agendas, there are variations in timeline and TA focus**

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## 2020 VBP summary: Category, method and timeline

| Region | Province | Category | Method | (Estimated) timeline |
|---|---|---|---|---|
| South central | Hubei | High-value consumables | VBP | 2020 |
| | Hainan | High-value consumables | VBP | 2020 |
| | Henan | High-value consumables, reagents | Listed on website | Ad-hoc supplement |
| | Guangdong | Medical consumables | VBP | 2020 |
| | | First batch consumables e.g. vascular intervention, pacemakers | Double envelops | 2020 |
| | | Consumables, reagents | Listed on website | Ad-hoc supplement |
| Southwest | Sichuan | Reagents | Supplement | 2020.2 |
| | Yunnan | Medical consumables | VBP | 2020 |
| | Chongqing | Low-value consumables | VBP | H1 2020 |
| | | Medical consumables, reagents | Listed on website | Ad-hoc supplement |
| Northwest | Gansu | Low-value consumables | Listed on website | H1 2020 |
| | | High-value consumables | VBP | H1 2020 |
| | Shaanxi | Medical consumables | VBP | H1 2020 |
| | Shanxi | Medical consumables, reagents | Listed on website | Ad-hoc supplement |
| | Qinghai | Consumables | Listed on website | Ad-hoc supplement |

Source: Simon-Kucher & Partners. www.zcqxxx.com. Saibailan. Industrial securities.

# Deep-dive: **DRG is believed to have more significant impact in longer term, as it is expected to be rolled out over the next few years**



**Current**

**FFS (Fee For Service) system**

- Reimburse hospitals based on per procedure or per head cost
- Hospitals count on mark-ups of drugs and consumables for additional income

- NHSA launched CHS-DRG in Oct 2019
  - Pilots in 30 cities in 2020
  - Implementation in 2021
  - To be fully implemented by 2023

**Future**

**DRG (Diagnosis Related Group) system**

- Reimburse hospitals based on fixed fee for given category, regardless of the actual costs incurred
- Drugs and consumables become the cost items for hospitals

*"DRG will have significant impact long term as it changes hospital behavior fundamentally, although the rollout timeline is not yet clear."*
- A leading MNC in high-value consumables

*"DRG would be good to eke out efficiency at hospital level, but then there is always the concern on what is the right level of fixed fee to set for certain disease, and what is the impact to medtech and consumables."*
- A leading MNC in medical devices

Source: Simon-Kucher & Partners.

2 *COVID-19 impact*

# COVID-19 has a silver lining: Although most businesses suffered from reduced patients and surgeries, the importance of public health is recognized

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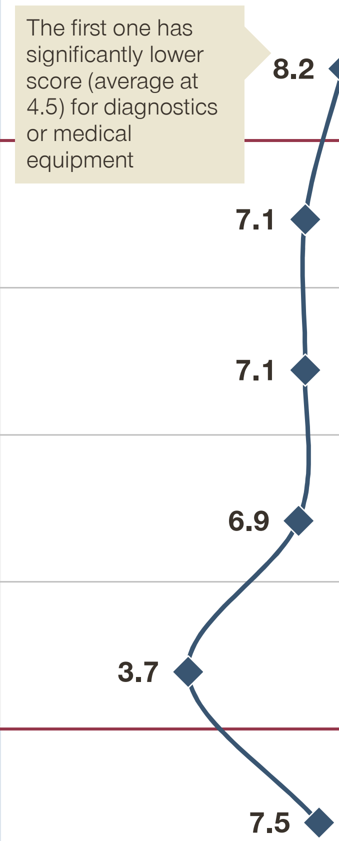
## QUESTION AND OPTIONS

**新冠疫情影响程度评估，并就对以下方面未来两年的影响定量打分 1-10** （1影响极小，10影响极大）

**Could you assess the impacts of COVID-19 on below dimensions over the next two years, on a scale from 1-10** (1= lowest impact; 10 = highest impact)

- 现有业务 Current business
- 列入收费项目和集采目录难度 Charging code and VBP listing
- 未来招标采购价格压力 Tendering price pressure
- 入院难度 Hospital listing
- 医保报销难度 Reimbursement
- 进口替代趋势 Import substitution

## SCORING RESULT




## INSIGHTS

See deep-dive on next slide

- **Current business took a hit for most categories in the first half of 2020,** but is recovering gradually and steadily as COVID-19 came under control; high-value medical consumables seen the highest negative impact
- Hospital revenue decreased significantly while the expenses increased during COVID-19 peak time, leading **to general sentiment in budget pressure and tighter sourcing management**
- **Import substitution** is an imminent trend partly catalyzed by Covid-19, and localization will be a key theme for the industry

Source: Simon-Kucher & Partners.

2 *COVID-19 impact*

# Deep-dive: **COVID-19 has had major impacts on many high value consumables in H1 2020, and is expected to bring about extra budget pressure**

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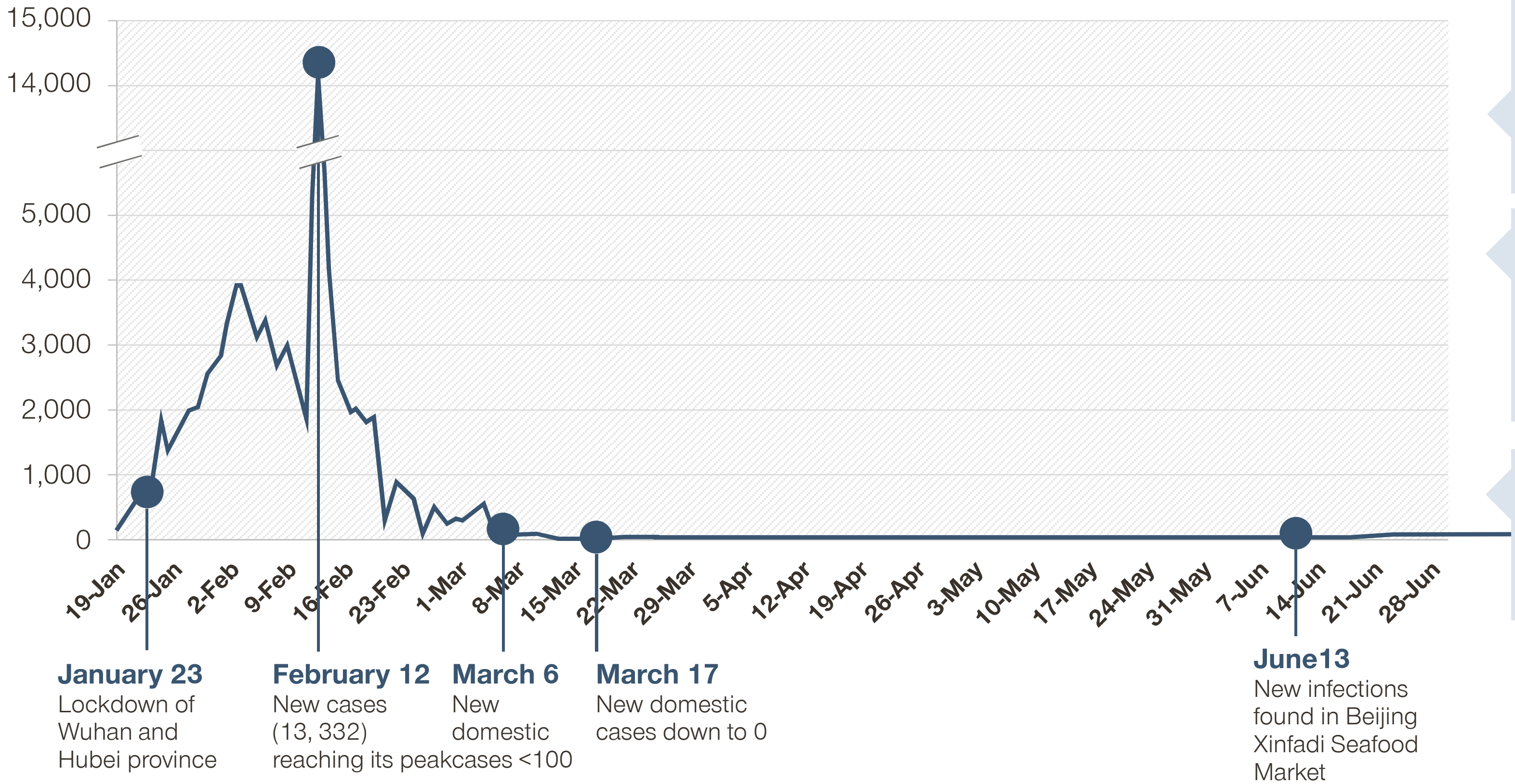


*"Some of our businesses took a hit by 20-40% or so in the first few months, but are gradually back on track."*
*- A leading MNC in high-value consumables*

*"Hospital revenue lost during COVID may translate into more price pressure on procurement going forward."*
*- A leading MNC in high-value consumables*

*"Imbalanced tiered healthcare system is exposed under COVID-19; there is need to increase ICU capacity."*
*- A leading MNC in medical devices*

Source: Simon-Kucher & Partners.

2 *COVID-19 impact*

# Deep-dive: **IVD, imaging, respiratory and ICU equipment are likely to see more emphasis, while other high value consumables had significant volume impact**

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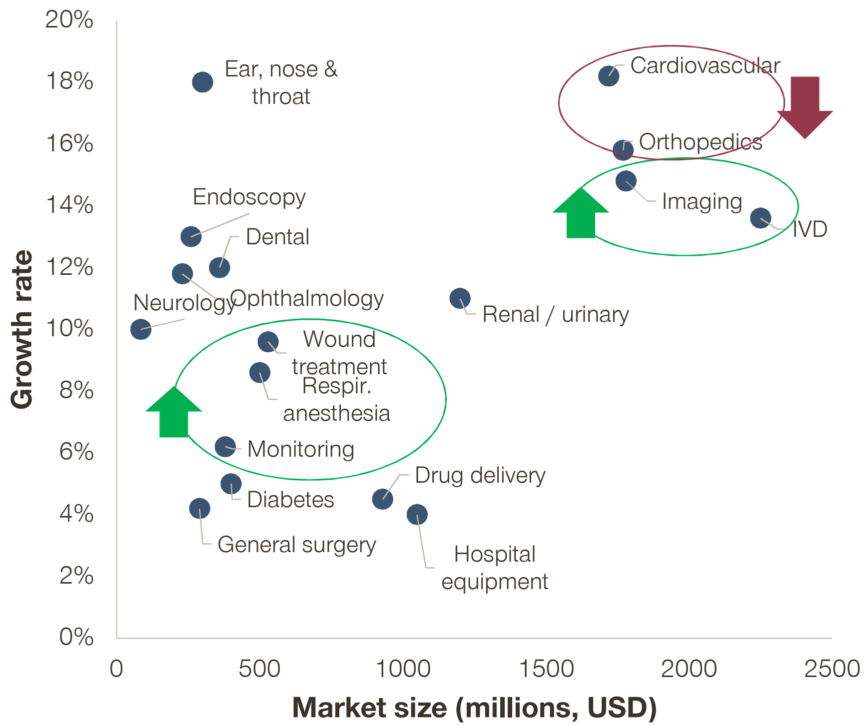
## China medical device market and growth by segment




## Categorization of high value medical consumables

| Category | Products includes (not exhaustive) |
|---|---|
| **Vascular intervention**<br>*Involving: coronary artery, structural heart disease, congenital heart disease, peripheral blood vessels, etc.* | Catheter, guide wire, balloon, bypass and supporting materials, etc. |
| **Non-vascular intervention**<br>*Involving: trachea, digestive tract, bladder, rectum, etc.* | Catheter, guide wire, balloon, bypass, endoscope and supporting materials, etc. |
| **Orthopedic implant**<br>*Involving: Spine, joints, wound, etc.* | Artificial joints, orthopedic plates, artificial bone, repair materials, etc. |
| **Neurosurgery** | Intracranial implants, filling, etc. |
| **Electrophysiology** | Mapping catheter, ablation catheter, etc. |
| **Pacemaker**<br>*Involving: Heart, bladder, etc.* | Permanent, transient, pacing catheter, cardioverter defibrillator, pacing guide wire, etc. |
| **Cardiopulmonary bypass and dialysis** | Artificial heart supporting material, dialysis tubing, filter, segregator, accessories, etc. |
| **Ophthalmology consumables** | Lens, intraocular replacements, etc. |
| **Oral medicine** | Print film, oral filling, frontal trauma repair, implants, root canal treatment, adhesive, denture, orthodontics, dental correction, etc.. |
| **Others** | Artificial valve, artificial tissue patch, artificial vessels, polymer materials, etc. |

Source: Simon-Kucher & Partners.

③ *Channel dynamics*

# Class 3 public hospitals will be key to high value consumables, and distributors with direct hospital access will be increasingly important

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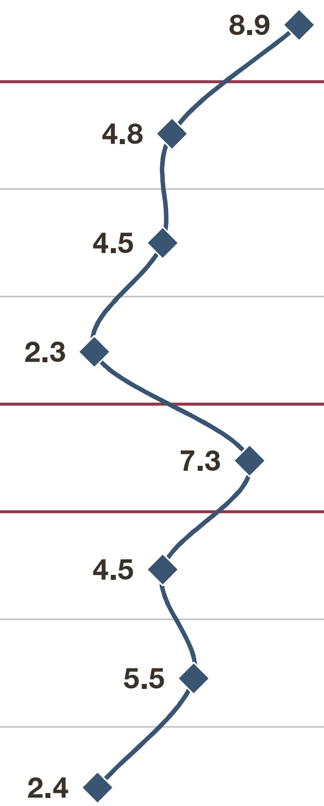
## QUESTION AND OPTIONS

**未来两年内上下游客户或合作伙伴重要性评估，并定量打分 1-10** （1影响极小， 10影响极大）

**Could you assess the relative importance of clients and channel partners moving forward, on a scale from 1-10** (1= lowest impact; 10 = highest impact)

- 三级以上公立医疗机构
  Class 3 public hospitals
- 基层公立医疗机构
  Community public hospitals
- 非公立医疗机构
  Non-public hospitals
- 全国总代
  National distributors
- 省级代理
  Provincial distributors
- 地市级经销商
  City-level distributors
- 器械耗材流通企业，如国药，上药和华润等
  Medical devices wholesalers e.g. Sinopharm, Shanghai Pharma and CR
- 合同销售组织 CSO
  Contract sales organizations

## SCORING RESULT




## INSIGHTS

See deep-dive on next slide

- **Class 3 hospitals** will still account for the **majority of most high value consumable business and in general medical devices revenue**
- **Provincial distributors** are most important among the distributor network, especially for high-value consumables
- **Growing interests** working with **wholesalers with broad reach and value added services**

Source: Simon-Kucher & Partners.

3 *Channel dynamics*

# Deep-dive: **The market and channel dynamics are evolving across the value chain**

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| | MedTech companies | Distributors and wholesalers | Health care providers | Patients | Payers |
|---|---|---|---|---|---|
| **Current situation** | ▪ More than 15,000 medical device manufacturers are registered in China<br>▪ In high-value consumable segment, MNCs accounts for bulk of the market, while national champions are making inroads | ▪ Around 200,000 distributors active on the market<br>▪ Distributor network is fragmented and with multiple layers | ▪ Class 3 hospitals account for majority of needs, especially for high-value consumables | ▪ Patients in general have preference for top tier hospitals, but many are not satisfied with the services and availabilities at top hospitals | ▪ NHSA is playing an increasingly dominant role with medtech and consumable access and reimbursement |
| **Future trends** | ▪ Market consolidation<br>▪ Emphasis on import substitution and localization | ▪ Distribution channels are consolidating<br>▪ Provincial distributors are becoming the most important stakeholders in distribution<br>▪ Wholesalers such as Sinopharm, Shanghai Pharma and CR Pharma are upgrading capabilities for selected categories, e.g. IVD | ▪ Besides Class 3 hospitals, lower tier hospitals and non public hospitals are emerging with distinct needs and buying behaviors, e.g.., in IVD and diagnostics etc. | ▪ Patients will look for more alternative choices<br>▪ Online consultation/ telemedicine or other digital engagement will become prevalent | ▪ VBP and DRG are likely to roll out in faster pace<br>▪ Health economics will be more recognized and relevant for high value consumables |

*"We are exploring collaborations with leading wholesales on regional basis, and would be great to see them building up their capabilities in value added services."*

*- A leading MNC in high-value consumables*

Source: Simon-Kucher & Partners.

3 *Channel dynamics*

# Deep-dive: **Class 3 hospitals play key roles in public health, while broad market and non public increasingly important**

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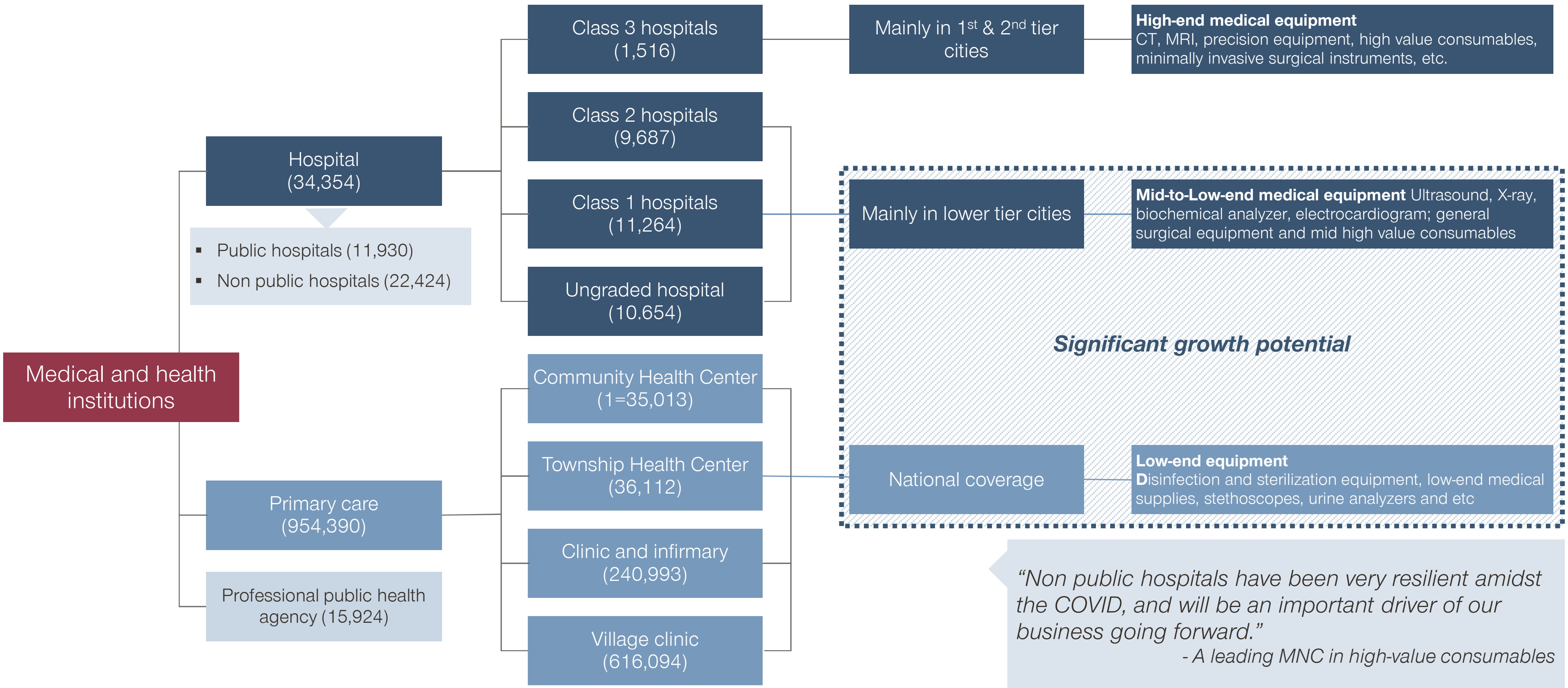


*"Non public hospitals have been very resilient amidst the COVID, and will be an important driver of our business going forward."*
*- A leading MNC in high-value consumables*

Source: 2019年我国卫生健康事业发展统计公报 2019 Statistic National medical and health development, National Health Commission; Simon-Kucher & Partners.

3 *Channel dynamics*

# Deep-dive: **Leading national wholesalers are upgrading their capabilities while streamlining the supply chain complexities**

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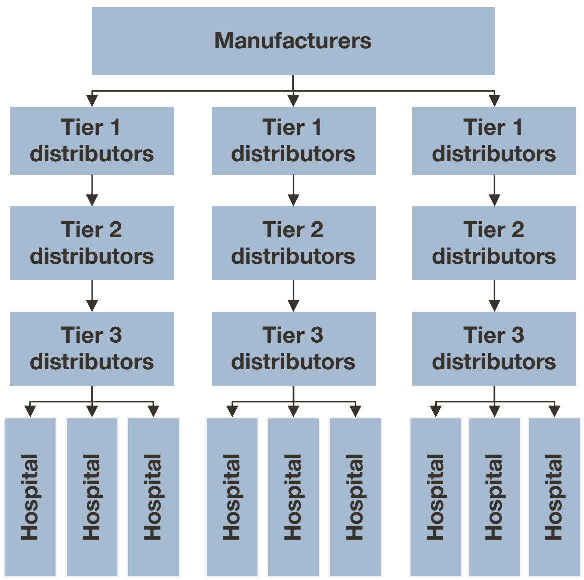
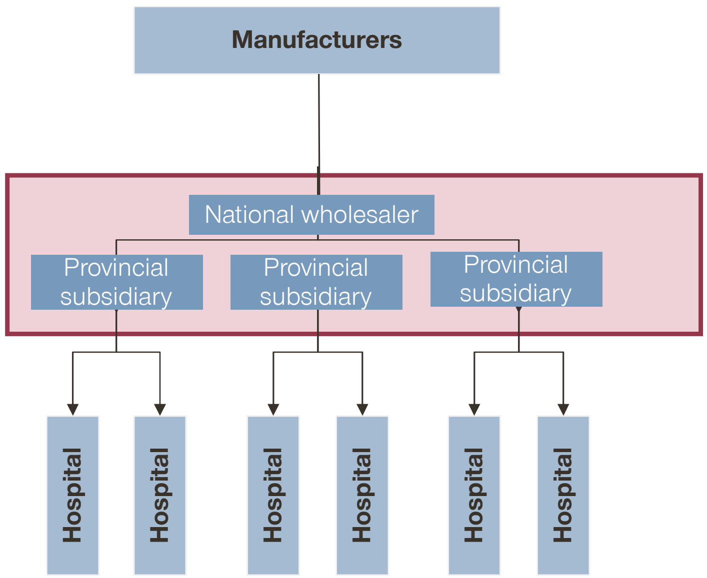
## For a specific product or product category...

### Current model




- Large number of distributors required to execute in different geographies
- Complexity and high internal cost in coordinating and managing the distributors

### New model




- Broad reach and streamlined distributions of national wholesalers
- One-stop value added services including logistics and promotions etc.

Source: Simon-Kucher & Partners.

④ *Market access decision-making stakeholders*

# NHSA is the foremost important stakeholders in access and reimbursement, and starts to taking HTA evidence into considerations

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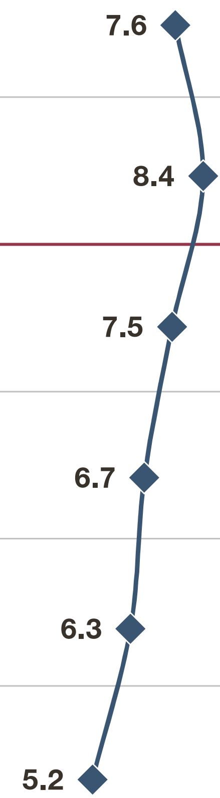
## QUESTION AND OPTIONS

**未来两年内市场准入关键利益方和相关方重要性评估，并定量打分 1-10** （1影响极小， 10影响极大）

**Could you assess the relative importance of market access stakeholders and influencers moving forward, on a scale 1-10** (1= lowest impact; 10 = highest impact)

- 国家医保局 NHSA
- 省级医保局 Provincial HSA
- 集采联盟 VBP alliances
- 医院 Hospitals
- 临床专家 KOLs
- HTA专家 HTA experts

## SCORING RESULT




## INSIGHTS

See deep-dive on next slide

- **NHSA** has been the driving force behind access and reimbursement policy development over recent years
- **Provincial HSA** has been proactive in running VBP and reform pilots, which would be referenced by NHSA for broader rollouts
- **Hospitals** will have more incentives on controlling cost with DRG rollout
- **HTA experts** will become more important to demonstrate health economic benefits and comparative effectiveness

Source: Simon-Kucher & Partners.

# Deep-dive: **After reshaping the pharmaceutical industry, NHSA has set its sight on medtech industry reform**

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## Key mandates

1. **Draft laws and regulations for national healthcare policies**
2. **Coordinate reform of medical and healthcare system**
3. **Organize national drug policy including reimbursement listing, negotiation and tendering etc.**
4. **...**

MoHRSS

National Health Commission

**National Healthcare Security Administration (NHSA)**

NDRC

Ministry of Finance

MCA

- **Department of financial planning and regulation**
- **Department of price and tendering**
- **Department of healthcare services**
- **Department of fund management**

*NHSA centralized P&MA responsibilities previously scattered across different organizations, and directly reports to the State Council*

## Key Developments

**The NHSA will now play a crucial role in controlling the price of high value medical consumables**

- NHSA issued 2 batches reimbursable consumable catalogues for access and reimbursement
- Continue the exploration of provincial VBP on high-value consumables, with potential for expansion into the national level
- Issued guiding principles on Standardization of healthcare insurance payment and rolling out DRG (Diagnosis-Related Group) payment system
- ...

*"VBPs at national and provincial levels will become more common, and NHSA, PHSA and VBP alliances will thus be the main decision-making stakeholders."*

*- A leading MNC*

Source: Simon-Kucher & Partners, NHSA. HTA: Health Technology Assessment; MCA: Ministry and Civil Affairs; MoHRSS: Ministry of Human Resources and Social Security; NDRC: National Development of Reform Commission; NRDL: National Reimbursement Drug List.

5 *Market access capabilities & change readiness*

# Cross-function alignment and value evidences are seen as the most important areas for market access capabilities building going forward

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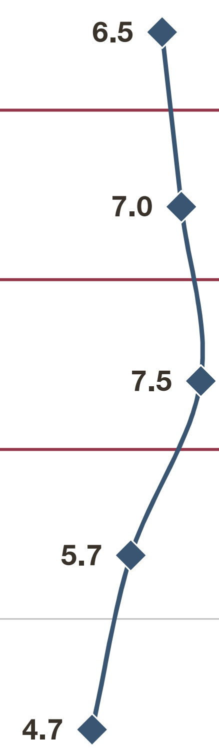
## QUESTION AND OPTIONS

**能否点**评行业最佳实践**和未来关键举措， 以及未来两年内**对企业准入组织和能力的要求，并**就重要性定量打分 1-10**（1影响极小， 10影响极大）

**Could you comment the best practices in your industry and the relative importance of below companies market access capabilities moving forward, on a scale from 1-10** (1= lowest impact; 10 = highest impact)

- 内部能力建设
  Internal capabilities building
- 跨部门合作
  Cross function alignment
- 价值证据
  Value evidences
- 外部合作
  External collaborations
- 行业协会作用 如AdvaMed, CAMDI等
  Industry associations like AdvaMed and CAMDI

## SCORING RESULT




## INSIGHTS

See deep-dive on next slide

- **Internal capabilities building** in access and HTA were identified as key areas for future development
- **Cross function alignment** has been a major challenge to be addressed
- **Value evidences and health economics** are expected as a source for differentiation
- **Innovation/technology** mentioned as key drivers for future growth

Source: Simon-Kucher & Partners.

*5 Market access capabilities & change readiness*

# Deep-dive: **Internal capabilities in market access and HTA evidence generation have been identified as key imperative**

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## P&MA Stage of Excellence

### Basic

- *Basic understanding of payers and policies*
- *Evidence generation and value dossiers largely relying on global initiatives*
- *Payer engagements tend to be reactive*
- *Internal processes in place, roles and responsibilities defined but with ambiguities*
- *Cross function efforts need alignment & coordination*
- *…*

### Industry Leading

- *Periodic monitoring and updating the latest developments at payers and reimbursement policies*
- *Proactive understanding of most important evidences and local requirements for payers, and tailor evidence generation and value dossiers accordingly*
- *Engage payers with evidence and value discussions early on and effectively*
- *Streamlined P&MA processes, and benchmark best practices for organization & capabilities building*
- *P&MA plays key role in cross function alignment*

### World Class

- ***Ongoing payer and policy understanding** efforts to ensure insights and foresights on payer environments and key trends, as well as competitive landscape*
- ***Tailored evidence generation, value dossiers and value stories** for key payers and influencers*
- ***Clear roadmap to engage payers in evidence and value discussions** throughout the different stages of product life cycle*
- ***Optimized P&MA and HTA processes to enhance efficiency and impact,** and organization & capabilities building accordingly*
- ***Embed P&MA in growth strategies, and plays leading role in cross function alignment & coordination***

*"The growing importance of HTA is widely expected to differentiate on value instead of price, and we need to invest more in that area."*
*- A leading MNC*

Source: Simon-Kucher & Partners.

# Deep-dive: **HTA content development and deployment are increasingly important in medtech industry**

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## HEOR Excellence

### Content

- **HTA embedded in stage gate process**
- **Information aims to guide decision-making**
- **Messages are condensed and targeted**
- **Information is modular and customizable**

*"We have seen some successful cases of building HTA and HEOR arguments, and a local player was actually taking a lead in that regard with its new stent"*
*- A leading MNC*

### Deployment

- **Operate under target's preferred engagement process**
- **Utilize representatives based on content expertise needs**
- **Partner with stakeholders to ensure seamless integration of offerings**

Source: Simon-Kucher & Partners.

Deep-dive:
# Digital health can take different forms to help drive innovations and growth

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### 1. Digital Business Models
Support existing and generate new revenue streams with country specific solutions, tailor-made for subsidiaries

### 2. Digital Stakeholder Engagement
Creating new consistent user experiences across different channels and services

### 3. Process Automation
Use of new technologies to digitize paper-based processes

### 4. Digital Workplace
Provide a more user-friendly computing environment. Support the work in agile teams to foster innovation

### Fundamentals
eate an environment that supports digital transformation

*“Digitalization is no longer a buzz word but increasingly a new reality partly due to COVID 19, especially in sales or customer engagement, and also on how to enable data-based decision-making.“*
*- A leading MNC*

Source: Simon-Kucher & Partners.

# 2020 Outlook: Navigating the watershed year and imminent changes

## Challenges

- Ongoing reforms and multiple changes across the industry and market
  - Price pressures from VBPs
  - Channel shifts with two-invoice system rollouts
  - DRGs and payment model reforms
- Covid will have impact on government priorities and may accelerate the pace the reform
- Import substitution will further pressure MNCs and support local industry preferentially

## Opportunities:

- Industry weathered storms and rebounding from Covid and policy impacts
- Innovations and digital health key for future growth
- Market access as a key function will be increasingly recognized, and HTA and health economics will play an increasingly important role going forward


Source: Simon-Kucher & Partners.

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Source: Simon-Kucher & Partners.

# Thank you

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