



# CRA Insights: Life Sciences

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## A coordinated approach to global public policy in the life sciences sector

### Introduction

The life sciences sector is recognised as one of a handful of knowledge-based industries that has the potential to drive economic growth in developed and emerging countries over the long term. As a consequence, there is evermore interest in the promotion and regulation of the sector, not only at the national level but also at a continental and even global level. To respond to this interest, the public policy team within a life sciences company needs to be more coordinated than ever.

Increasingly, policy development occurs on a regional or global stage with the spread of health technology assessments (HTAs) across the globe being a notable example. In many areas, policy teams, both individually and collectively, find themselves playing “catch up” responding to these trends. Failing to change and adapt to this world of increased interconnectivity leads to poorly coordinated and incoherent policies that are out-of-step with public perception of the issues, resulting in damaged reputations and credibility at multiple levels and functions within a life sciences company.

### The complex sets of networked stakeholders

An important feature of the global environment has been the growth of increasingly sophisticated and well-organized stakeholder groups with an interest in health and pharmaceutical sector policies. The traditional groupings of health system administrators, private insurers, and clinical specialists has been augmented by influential voices from patient associations, health economists, private and publicly funded charities, and many other non-governmental organisations (NGOs). These key stakeholder groups, which show a particular interest in access to medicines and their prices, continue to evolve internationally, leading to increasingly important high-level forums on health policy.

In Europe, for example, there is a continuing trend, led by the EU Commission, to standardise approaches in applying HTAs. Member states are also drawing from common experience in seeking a new *modus vivendi* in their relationship between value metrics and price differentials. At the same time, within each country, devolution of budget responsibility means that regional and local government stakeholders are becoming increasingly sophisticated in their approach to assessing relative value as a basis for price and reimbursement negotiation.

### The balance between coordination and local differentiation of policies

Increasing interconnectedness means that diverse markets are adopting similar policies when faced with common problems. For example, at first sight, middle-income countries represent fundamentally different challenges for life sciences companies than more developed economies—the *de facto* market for innovative brand products in middle-income countries is largely a growing, private sector one. The private market, however, often serves little more than 10%–15% of the population. In parallel, improving national economic status is providing a platform for major public health initiatives to extend access to health care to larger segments of society, often drawing on policy tools used in western style public health systems.

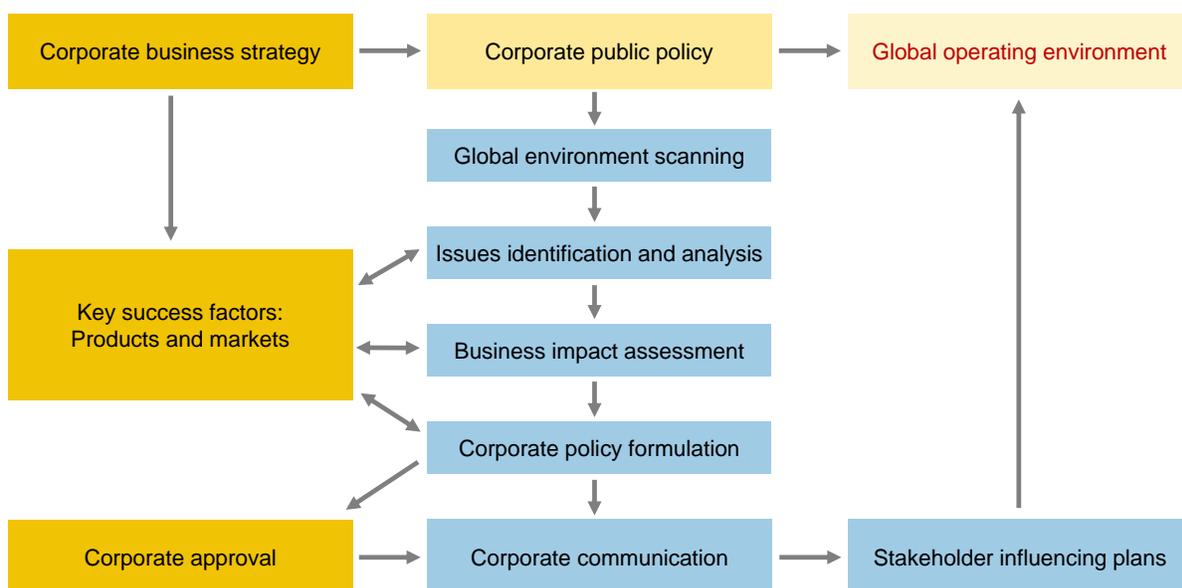
In countries as diverse as China, Brazil, and India, the development of privately and publicly funded market segments offers major policy and managerial choices for governments. How they formulate social and industrial policies through new regulatory frameworks poses a major challenge, and they are looking to benefit from some of the experience and avoid some of the mistakes that they see in the health policies of more developed economies. Within a global life sciences company, therefore, the transferability of evidence, arguments, and policies is increasingly important.

### The “strategy–policy” interface

For life sciences companies, the division between commercial and policy issues is narrowing. This can be due to increasingly influential local stakeholders. In areas such as risk-sharing agreements, creative solutions have been invented “on the ground” by affiliate managers. These affiliate managers, being closest to the market situation, need the flexibility to respond, but corporate policy teams must be up to the challenge of formulating “umbrella” policies that cover often disparate positions taken by different affiliates in response to apparently similar circumstances.

Corporate public policy in this context requires sophisticated models that recognise the changing external environment, the need for consistency in policy argumentation, and the imperatives of corporate strategies. An effective policy approach, as diagrammed in Figure 1, requires a synthesis of these components.

Figure 1: The CRA model



A well-integrated corporate public policy function requires processes that clearly define who is responsible for different aspects of policy analysis, formulation, and implementation activities; guide interactions with commercial functions; and review and update capabilities to monitor communications and reactions to stakeholder-influencing plans.

An issue of particular concern to many companies is how to ensure effective alignment of policy positions in vertical relationships between global HQs, regional or business functions (mature versus innovative product divisions), and individual country operating units.

### **Policy toolkits**

Given the challenges above, there is a need to develop a common response to policy challenges. The policy toolkit *first* needs to focus on prioritising the issues that the global environment scan indicates are flaring on a depressingly consistent basis. At any point in time, pharmaceutical policy is under debate in a number of different forums: in academia, at regional institutions (such as the European Commission), in government departments, in industry trade groups, and within individual companies. The issues being discussed reflect the priorities of the time and the resources and interests of different stakeholders. To be effectively positioned, life sciences companies need to determine where their inputs can add most value and where a global, regional, or local position is appropriate.

*Second*, given the priorities, companies must establish an informed and overarching position on a particular policy challenge, drawing on the industry's position and its own commercial priorities. Formulating such a position requires the input of local affiliates, policy experts, and commercial perspective. Through a series of local, regional, and/or global workshops, the issue should be discussed and debated so that the position to be adopted is adequately informed by the concerns of the different markets and stakeholders that the company confronts.

*Third*, the local, regional, and/or global position needs to be disseminated, including supporting argumentation and evidence, in a way that can add value to other affiliates facing similar challenges in their markets. These disseminated policy positions should be living documents that are updated to reflect the lessons learned and to provide case studies that can be used across the company.

### **Conclusion**

The scale and scope of challenges to corporate policy positions for life sciences companies has grown over recent years. There is increasing need to define the set of policies where coordination is required and a common line maintained. Equally, where countries differ, corporate response can differ, but the reasons for these differences must be clear and consistent, both within the company and, ideally, as perceived by disparate external stakeholders. Communication channels must effectively disseminate corporate policy and engage these stakeholders. A successful corporate public policy function will be engaged on a variety of issues with affiliates around the world; the local lessons and case studies that arise must be shared across the group to foster the continuing advancement of the corporate public policy function.

CRA has extensive experience not only as advisers on analysis and policy formulation on specific policy issues as and when they arise but also in helping companies improve their processes and infrastructures to support a more effective public policy analysis and communication function in the face of an increasingly complex and fast-moving environment.

Developing and maintaining coordinated global policy positions will become increasingly important for life sciences companies; an integrated and coordinated approach to public policy analysis should draw on a common toolkit of argumentation and evidence that prevents waste and duplication. CRA has both the knowledge and experience to support the corporate public policy function in this most challenging contemporary arena.

#### Contact details

To learn more about CRA's "A coordinated approach to global public policy in the life sciences sector," please contact:

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