

**Remarks by FRED HASSAN,**

**Incoming President of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and Chairman and Chief Executive Officer of Schering-Plough Corporation**

**Geneva, Switzerland, October 12, 2006**

**“Doing What Is Right For The Patient”**

It is great to be here today with all of you.

And it is a real honor to be elected to serve as the new President of this very important organization.

Let me begin with an important thank you.

Dr. Vasella is someone I have known for many, many years.

He has made many important contributions to global health care - and he has many important accomplishments to his credit.

Today, I would especially like to recognize Dr. Vasella's leadership of IFPMA over the past two years.

He has been a leader in touching our stakeholders with actions that build that engagement.

Actions that earn trust.

The initiatives that IFPMA has launched under Dan's leadership are very important to our industry.

They are ALSO very important to improving health – around the world.

Dan: we thank you today for your leadership, and the positive course you have set for IFPMA.

And I know we can count on your support and counsel, as we go forward!

**As I turn to my new role as IFPMA president, I bring a global perspective.**

In my over 30 years in the global, research-based pharmaceutical industry, I have worked on three continents.

I have first-hand experience with many developed economies.

I also have first hand experience with many emerging economies.

So I bring a variety of experiences to this task.

And I also bring a strong sense of humility.

I believe that one of the most important traits in leadership is to take the time to listen, and to learn.

It is amazing what we can achieve -- by listening and learning.

So one of my priorities as president of IFPMA will be to listen, and to learn from important stakeholders in global health care, including member organizations and companies of the IFPMA.

Being in tune with our stakeholders IS very important.

We must first see the world from the perspective of others -- in order to work with them to achieve positive change.

Health care IS special.

It is at the heart of people's lives.

By getting in tune, we will be able to do what is right;

Right, above all, for the **patient**.

**In that spirit, let me turn to my perspective on the evolving role of IFPMA, and some of the key items on my agenda as incoming president.**

IFPMA's time, is NOW!

What used to be the world of the 'Triad' economies is now rapidly shifting to the world of the 'Quad.'

The rest of the world beyond North America, Western Europe and Japan is now a fourth category of countries –

Ambitious and fast-emerging countries, that are now having enormous effect on world affairs.

In this new environment, IFPMA brings special global reach and global perspective.

In particular, we bring a special perspective on how to improve humanity, as the world looks at the opportunities of the post-cold war era.

Now – let me turn to what I see as the key agenda items for my tenure as president.

We will continue to build the strength and organizational health of IFPMA for the long term.

Dr. Harvey Bale has been a fine leader of IFPMA through a critical period of change. During the next two years, Dr. Bale will be retiring. We will conduct a globally benchmarked search of internal and external candidates to identify his successor. We are committed to a proper transition, when the time comes.

We will also continue to build IFPMA's ability to engage and collaborate with other stakeholders. We seek especially to become a credible catalyst, driving the agenda for good health care for the long term - around the world.

Among the most important stakeholders with whom we will seek to engage are citizens, patients and taxpayers.

I am personally confident that the more that citizens, patients, and taxpayers know about what our organizations do, how we do it, and what we contribute to better health care, the MORE our value will be recognized. The more we will earn trust.

The IFPMA initiative has made major progress improving marketing and clinical activities.

When chairman of the U.S. trade association, PhRMA, I was personally engaged in 2002 and 2003 in creating strong voluntary guidelines on marketing and on clinical trials.

We succeeded in getting the members to buy into these guidelines. It was a first, in the history of PhRMA. These guidelines are greatly improving the environment in the U.S.

As the new IFPMA initiatives move into the implementation stage, we know that implementation is more important than strategies.

We will be working hard on execution.

On the subject of making clinical trial information available, it is important to safeguard this information, so that it is used properly, and continues to advance innovation for patients.

This is of special concern in the U.S.

As we know, in the U.S., lawyers can promote frivolous law suits by selective use of clinical trials data.

Quite simply, this is litigation abuse.

It can unfairly damage public confidence in medicines.

It can reduce adherence by patients who need the medicines.

And it can extort huge, unwarranted settlements that distort the justice system.

Efforts are being made to bring the litigation abuse problem in the U.S. under control – but this will remain a big challenge, for a long time.

As we continue to build transparency and openness in our industry, it is also very important that there be increased transparency, and also accountability, in all the OTHER elements of the health care systems.

I will come back to this point later. But greater transparency and greater accountability are something that patients and taxpayers, in every part of the world, deserve.

And we must remember that the ultimate client is the **patient**.

During my tenure, we will also continue and build on IFPMA's recent initiatives to create collaborative partnerships with other stakeholders.

And as we look ahead to the next two years for IFPMA, we will especially continue, and build on, this organization's intensified focus on the patients.

I see **four** critical significant barriers in the way of preserving and improving the health of patients.

By lowering and removing the barriers in these four areas, our societies will be doing the right thing for the health of their people – around the world.

We will work to forge partnerships and collaborations to help bring down these barriers.

### **The first set of barriers that we must bring down are the barriers to access.**

Today, the patient in all of our societies experiences barriers to accessing health education and information. Health education and information are one of the best ways societies can reduce their health care costs and improve the health of their citizens.

If we can get citizens to have better dietary habits, to exercise regularly, to avoid smoking and to avoid risky drug and sexual behaviors, we can greatly reduce the burden on health care budgets in all countries. We will be improving citizens' quality of life.

And on the subject of prevention of disease: governments have a responsibility at the local level to create better environments. For example, investing in modern water systems will prevent many unnecessary water-borne diseases, such as cholera.

Preventing malarial mosquitoes is better than spending millions of dollars treating malaria.

Patients around the world also experience barriers to accessing interventions that are the most effective interventions.

Just one example of this: artificial delays in registration of new drugs and devices, and diagnostics.

Another example: artificial delays in reimbursement. Many health authorities, even in the rich countries, delay registration and reimbursement – while their patients are waiting.

### **The second set of barriers is the barriers to innovation.**

Today, only a handful of countries contribute the innovation that drives improved health care throughout the world. The U.S. carries a disproportionate load.

Yet all of our societies, around the world, need new innovations for the big health challenges ahead.

To respond to the threat of pandemics. To respond to cancer. To respond to Alzheimer's disease.

We need to work together with other stakeholders to bring down the innovation barriers.

We must work to expand the innovation environment and to assure that there are adequate rewards for innovation.

Governments and politicians are not good at innovation and resource allocation.

Private entrepreneurship and risk-taking, in open markets, work better.

Absolutely critical to this is the protection of intellectual property.

As we know, protection of intellectual property is the engine of innovation.

By breaking down the innovation barriers, our children -- and their children -- can benefit from the new innovations, the new interventions, that are on the horizon. Thanks to the new sciences and the new tools for medical R&D that have emerged over the past three decades.

### **The third barrier to better health lies in the regulatory systems around the world.**

The inconsistencies across regulatory systems, the absence of global standards, are creating a large barrier to better health for the patient.

Our societies can break down this barrier in three ways.

- By requiring that their health regulatory authorities are science-based and politics-free.
- By requiring that their regulatory systems practice principles of quality management.

And,

- By applying the principles of risk management. Risk management is at the center of safety in health care. It is impossible to have perfect safety in health care – as we know, every effective medicine also has side effects.

So the goal should be managing risk – to go after the biggest areas of risk.

And to assure that patients get care with a good balance of benefit, compared to risk.

Finally, let me talk about the fourth and final barrier that we must break down.

### **That is the barrier to openness, transparency, and accountability.**

Today health systems around the world are basically 'black boxes.' They lack openness, transparency and accountability.

We need to open up those systems.

It is peculiar that consumers today can easily compare the benchmarked fuel efficiencies of automobiles they are considering for purchase, or the annual running costs of refrigerators – yet they **cannot** easily compare the quality of health outcomes delivered by different doctors.

By different hospitals. By private health plans. Or by regional state-sponsored health systems.

We can take a major step in breaking down this barrier by holding health payors and providers accountable for transparent scorecards on key health metrics.

In this way, individual patients, citizens and taxpayers will see clearly what are the best investments for delivering quality care.

### **Quality care for the whole patient, over their lifetime of care.**

I believe that there are five groups of metrics that can be the basis for this scorecard approach. These metrics would be related to the percentage of patients treated by a provider that reach medically endorsed goals on five counts:

- #1. Metrics for health literacy, health promotion and disease prevention. These metrics should include reduction in obesity and smoking, and increasing exercise.
- #2. Control of high blood pressure.
- #3. Control of hemoglobin A1C – a key measurement of diabetes control.
- #4. Control of high LDL cholesterol.
- #5. Vaccinations – both for pediatric patients and adults.

There are other metrics that can and should be added to this scorecard over time – for example, metrics related to mental health.

But the five buckets of metrics that I just outlined would be a sound initial scorecard by which health providers should be judged – and made transparent – to the patients who seek these services.

It is a scorecard that can – and should -- be applied across diverse health care systems, geographies and political environments.

This scorecard approach will improve the effectiveness of the overall health care system.

It will speed the introduction of strong quality management systems in health care delivery.

And this scorecard approach will give patients, citizens and taxpayers the tools and metrics they need to make smart health care investments -- for the long term.

In short, a transparent, benchmarked, metrics-based approach to health is the right thing to do for the patients.

By promoting health care innovation, and promoting health care transparency and accountability, our societies will get the most value from their health care investments.

### **Just consider the case of former President Bill Clinton of the United States.**

President Clinton's highly visible encounter with cardiac disease required a traumatic surgical intervention at the cost of tens of thousands of health care dollars.

Yet it is probable that with proper exercise, diet and adherence to his cholesterol medication prescription, President Clinton, his doctors, and his insurer would have avoided all that intervention – at a very low cost per day.

As we look at the big picture, we see many studies showing that innovative medicines are among the most cost-effective components in health care.

I am also confident that openness, transparency and accountability will further validate this point.

In summary: As we look ahead, we are entering a time when IFPMA has a special opportunity, and a special obligation, to help advance health care for this century – around the world.

We will be building on a good foundation.

As I said at the beginning of my remarks, we at IFPMA will be eager to listen and learn from others.

This is how we will get in tune, and stay in tune, with our stakeholders.

And we will strive to be guided by one basic principle:

To do what is right, for the **patient!**

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