

# Novartis Access: Democratizing Health Care

By Georgina Hurst, The Shared Value Initiative

Published: November 2016



## COMPANY DESCRIPTION

Novartis is a health care company headquartered in Basel, Switzerland. Founded in 1996 through the merger of Swiss pharmaceuticals firms Ciba-Geigy and Sandoz, Novartis generated USD49.4 billion in revenue in 2015<sup>1</sup>. The company, which employs 119,000 people and sells products in more than 180 countries, launched **Novartis Access** in September 2015 as a way to improve access to affordable noncommunicable disease treatments in lower-income countries.



## THE OPPORTUNITY

Noncommunicable diseases (NCDs)—or chronic diseases—are the leading cause of death globally. Their prevalence is growing fastest in low and middle-income countries (LMIC), where around 75 percent of deaths from NCDs occur. Unhealthy diets and tobacco use are growing in developing regions, yet timely and affordable access to treatments for illnesses caused by these factors is limited. Projections indicate that chronic illnesses will cost society USD47 trillion over the next two decades due to reduced workforce productivity, curbed economic growth, and reinforced poverty.

Novartis, whose portfolio of medicines is strong in NCD treatments, recognized its capacity to mobilize resources and help minimize the human and economic toll NCDs place on LMICs while strengthening business in new markets. The company's legacy in helping communities tackle infectious diseases, such as malaria and leprosy, and in building social business models such as Healthy Family in India, Kenya and Vietnam provided Novartis with relevant experiences and strategic insight to develop its most recent initiative, **Novartis Access**.

Further, the company's access strategy also served as the backbone of the program. This strategy defines pricing and access approaches for both innovative and generic medicines relative to income segments, aiming to respond to specific patient needs.

Launched in 2015 with an initial focus on Kenya, Ethiopia, and Vietnam, Novartis Access is a social business model that aims to deliver to LMIC governments, NGOs, and other public-sector customers a portfolio of 15 affordable on- and off-patent medicines that address cardiovascular diseases, type 2 diabetes, respiratory illnesses, and breast cancer. Simultaneously, the company works with local and international organizations to strengthen health systems in target countries while expanding access to Novartis medicines.

<sup>1</sup> 2015 revenue figures from Novartis [2015 annual report](#)

## THE STRATEGY



Novartis Access is a natural extension of two contributions the global health care company makes to society: developing breakthrough treatments and finding new ways to deliver them to as many people as possible, particularly in LMICs. Novartis already has the skills and organization to make a lasting impact, with a decades-long history of making medicines available to those with malaria, leprosy, cancer, and other diseases. Novartis Access widens those efforts to include a portfolio of medicines treating NCDs.

As one of the world's largest health care companies, Novartis can play an ample part in bolstering health care systems and introducing low-cost medicines into low- and middle-income communities. In July 2014, **Novartis CEO Joseph Jimenez** proposed the company take on this challenge. A team consulted health ministers, health care providers, NGOs, and patient organizations around the world to help create new commercial, sustainable, and affordable initiatives focused on chronic diseases to complement **Arogya Parivar**—the Novartis social business providing health education to rural communities in India—and other social ventures. Over the following 14 months, the team identified 30 Access to Medicine Index countries with high unmet NCD treatment needs, where a Novartis presence was already strong, and where existing health care infrastructure and/or Novartis partnerships with NGOs on the ground were substantial enough to make launch feasible.

Novartis Access selected 15 on- and off-patent medicines, 13 of which are either on or pertain to a class on the World Health Organization's Model List of Essential Medicines that combat diabetes, cardiovascular diseases such as hypertension, respiratory conditions such as asthma, and breast cancer. Individuals in low- and lower-middle-income countries can obtain medicines through governments, NGOs, and other public-sector customers who buy the portfolio from Novartis at USD1 per treatment, per month (excluding costs for freight, insurance, and potential taxes). Some patients face slight markups, such as in Kenya, where the end price is expected to be equal or lower than USD1.50 per treatment per month.

Partnerships with public sector stakeholders at the country level are key to the success of Novartis Access. NGOs, faith-based organizations and other local agencies, including **Management Sciences for Health, the Kenyan Red Cross, the Kenyan Conference of Catholic Bishops (KCCB) and the Christian Health Association of Kenya (CHAK)**, distribute medicines on the ground, raise local disease awareness, and help ensure that Novartis Access medicines reach the right patients. Many target countries have weak health care system capabilities, and are unable to dispense treatments upon arrival. Novartis relies on these local groups to strengthen health care system capabilities around key NCDs by setting up and overseeing screening, diagnosis and treatment tools, and by hosting trainings for medical professionals and community health workers on NCD management.

The initiative relied on re-imagining Novartis' business on all three shared value dimensions:

- **Reconceiving products and markets** by introducing high-quality medicines that treat main NCDs to lower-income communities at affordable prices. The company is breaking ground in offering 15 medicines as a package, as opposed to selling each medicine individually to procurement agencies.
- **Redefining productivity in the value chain** by working with local partners and practitioners to train health workers in target developing countries to diagnose NCDs and better treat patients to ensure Novartis medicines are used appropriately. Novartis partnered with Boston University to develop a set of metrics to evaluate the impact of the program.
- **Creating local health clusters** by partnering with Management Sciences for Health and Boston University, for instance, to help direct Novartis Access products into the correct channels in Kenya so that patients receive medicines at affordable prices and understand how to use them.

“This program takes an **innovative** approach to addressing the rising burden of chronic diseases in parts of the world where people often lack access to healthcare. **We are in this for the long haul**; this is why from the onset we designed **Novartis Access** as a scalable, revenue-generating social business over time.” – Joseph Jimenez, CEO, Novartis

## RESULTS – VALUE FOR BUSINESS AND SOCIETY

As one of the first social business models of scale aimed at reaching patients in poverty and with low income, Novartis Access could serve as a prototype to inform the design of similar models within the industry. **Professor Richard Laing of Boston University School of Public Health** and a group of investigators are helping drive this effort by creating a transparent and independent tool to evaluate the impact of Novartis Access on the availability and affordability of NCD medicines in LMICs. Laing and team hope the study and its tools—free and [accessible online](#)—will become a standard to fill a measurement gap many organizations face in tracking shared value creation. The results, they hope, will prove the business case for broadening low-cost treatments within developing countries.

A baseline study began July 2016 in Kenya, and the first round of full results will be available year-end 2017.

## LESSONS LEARNED, CHALLENGES AND OUTLOOK

Over the coming years, Novartis plans to roll out its Access program in 30 countries, where demand for high-quality medicines and health care is booming, but hampered by significant challenges. The program—though still nascent—serves as a worthy example for peers considering similar programs. Novartis projects that Novartis Access will be a sustainable business within the next 5 to 10 years, but recognizes challenges ahead:

- The Access program has the potential to reach **20 million patients** with chronic diseases by 2020. If so, Novartis would be supplying more than **5 billion tablets** per year to these markets. This rapid growth in demand may strain the company's manufacturing capacity.
- Treating up to 20 million people in countries with poor disease awareness and treatment infrastructure requires Novartis to **work with local governments and NGOs** to train physicians and health care specialists in properly diagnosing and treating these diseases, and developing efficient health systems and distribution channels at the local level.
- Novartis will leverage initial results from Novartis Access to inform the growth and operations of its pharmaceuticals business in parts of the world that are currently underserved. Novartis is working internally to align incentives and **build understanding and internal capacity to operate its pharma business and social business in developing countries** to avoid cannibalization of products and services.
- Because the USD1 per treatment cost **is prohibitive for many patients in low-income households**, governments, NGOs and other public-sector customers will purchase the portfolio and deliver the medicines to patients free of charge. Novartis is exploring innovative financing tools with private banks and development agencies to support treatment activities in areas where Novartis Access runs.



Aside from the internal challenges and opportunities Novartis Access presents for the company, the initiative could be transformative for the global health industry as a whole. Traditionally, health-related enterprises sell medicines to public procurement agencies product by product; Novartis Access sells a portfolio of medicines as a package, reducing costs and increasing efficiencies. This shift in procurement methods could impact how markets operate. Additionally, the metrics created by Boston University could serve as a standardized solution to a pervasive problem: measuring and evaluating the social outcomes of access programs.

For now, Novartis is focusing on the near-term. In 2016, Novartis plans to file **400 product submissions in 20 countries**. The Novartis Access team is in talks with governments and local stakeholders in several priority countries in sub-Saharan Africa and Southeast Asia, and is considering adding treatments to its portfolio of 15, depending on patient needs and stakeholder demand.