

Meeting patients' demand for advanced devices and diagnostics in Japan



David Powell

The Japanese want faster access to advanced medical devices – and they're willing to pay for it. It is therefore crucial to speed devices' passage to market, writes David Powell, president and representative director of Johnson & Johnson Medical Japan and chairman of the American Medical Devices and Diagnostics Manufacturers' Association

A recent national public opinion survey showed that 85% of Japanese people want faster access to the world's most advanced medical devices and diagnostic tests, and more than half are willing to pay slightly more for it. Manufacturers, healthcare practitioners and the government are aware that the latest medical devices and diagnostic tests often take longer to reach patients in Japan than those in other developed countries, and are each doing their part to address issues that slow product development. However, fully meeting the expectations of the Japanese people will also depend on providing appropriate incentives for innovation. A device's path to market, and the pricing system, must both be made more predictable, in order to make it easier to justify the significant initial investment required to develop new devices and diagnostic tests in Japan.

The survey, conducted by the American Medical Devices and Diagnostics Manufacturers' Association (AMDD), aimed to learn how Japanese people value timely access to the world's most advanced medical devices and diagnostics, and whether they understand the importance of faster product reviews. Conducted from 24-30 September 2010, with 2,000 respondents (half male, half female) between the ages of 40 and 69, it was the first large-scale survey of public awareness and attitudes about medical devices and diagnostic products in Japan.

Not surprisingly, 87% of survey respondents said that using advanced medical technology is "important" or "very important" when they or their family members require diagnosis or treatment. 74% said they would "want to use" or "definitely want to use" advanced technology if they or a family member requires diagnosis or treatment now or in

the future. Particularly encouraging was the finding that 85% said they want to see improvement "immediately" or "as soon as possible" in the current situation.

The good news is that the Japanese government recognises this problem and is implementing a five-year plan to accelerate new product reviews by tripling the number of medical device reviewers and reducing the regulatory requirements that are unique to Japan. The government is also implementing a five-year plan to improve the environment for clinical trials in Japan so that they can be done faster and at a lower cost without sacrificing quality. Recent government reviews of these plans in late 2010 suggest that although the pace is slow, real progress is being made.

Over 70% of survey respondents agreed that advanced medical technology is important because it "assists early detection and treatment of disease," "is less invasive and less painful because of small incisions," and "enables faster and more accurate diagnosis." Over 50% said that advanced medical technology is important because it "extends the lives of people with previously untreatable diseases," "shortens hospital stays," and "shortens post-surgery rehabilitation." These results show that the Japanese public intuitively understands the potential advanced medical devices and diagnostics have to improve patient quality of life and reduce the burden of disease.

The survey's most striking finding was that more than half of the respondents said they would prefer to use the world's most advanced medical technology even if it cost slightly more. The willingness to bear greater costs is not surprising. As citizens of a country with one of the world's highest per capita income levels and a proud history as a global manufacturing powerhouse, the Japanese have come to expect the latest technology in consumer

goods like automobiles and flat-screen televisions. Why would they settle for second-best when confronted with the risk of losing their health?

That said, product pricing is one area that has not yet been adequately addressed by Japanese policymakers. Manufacturers often point to higher costs associated with doing business in Japan, and are concerned about getting initial reimbursement prices sufficient to justify the significant investment required to develop innovative new devices and diagnostic tests. Over the past few years, many new products have been given reimbursement prices significantly below the average in other countries. The system needs to better reflect genuine innovation that improves the quality of medical treatment and patient quality of life.

Another challenge is the difficulty in predicting future prices of one's own products already on the market. In addition to reflecting changes in prevailing market prices, Japan's biennial repricing system is affected by arbitrary foreign exchange rate fluctuations. The practice of referencing foreign average prices in the biennial repricing process undermines innovation and should be abolished.

The good news is that using more advanced medical devices and diagnostic tests can often help reduce total healthcare costs. For example, the use of less invasive techniques and faster testing can dramatically shorten the length of expensive hospital stays. By enabling faster recovery and detecting problems before they become serious, advanced medical technology can also lower the broader economic and social cost of disease by enabling patients to return to work more quickly and be less of a burden on their families. Let's find a way to give Japanese patients what they want. They deserve the best.