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the access to medicine index (B): making an impact

Ken Mark wrote this case under the supervision of Professors Afshin Mehrpouya and Diane-Laure Arjaliès solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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When I talk to executives from pharmaceutical companies they tell me that they want to do more for neglected diseases, but they at least need to get credit for it. The Access to Medicine Index does exactly that.

William Henry (Bill) Gates III

By October 2015, the Access to Medicine Foundation (ATMF) had successfully published four iterations of the Access to Medicine Index (ATMI, or the Index), and its key funders—the Bill & Melinda Gates Foundation, the U.K. Department for International Development, and the Netherlands Ministry of Foreign Affairs—continued to support the Index. The success of ATMI prompted others to adopt similar initiatives that were also funded by the Bill & Melinda Gates Foundation and other major aid agencies. Three similar initiatives—the Access to Seeds Index, the Access to Nutrition Index, and the Responsible Mining Index—had attracted active participation from the ATMF and its chairman and chief executive officer (CEO), Wim Leereveld. The ATMF was also in the process of launching a separate Access to Medicine Index for the generic medications and vaccines sector.

Because the ATMF now had solid funding and a capable team, Leereveld wanted to take the opportunity to tackle the key outstanding challenges. The ATMF’s goal was to maximize the impact of the Index and to substantiate the Index’s impact on firms. The ATMF highlighted the significant progress that had been made:

Progress

More companies are experimenting with innovative access-oriented business models. Three have introduced new models and three have expanded pilots. Examples include Merck & Co. offering patients in 11 cities in India zero-interest loans for the purchase of one of its hepatitis medicines; and Novo Nordisk making insulin products more accessible in India, Nigeria, Ghana and Kenya by identifying ways to integrate diagnosis, treatment and control in local communities. However, the impact of such models remains to be seen.

Companies are granting more licences to developing country companies to make and distribute generic versions of their medicines. Of the 16 companies that have patents on their products, eight engage in voluntary licensing. This compares with six companies in 2012. Some licences include groundbreaking new arrangements, such as tiered royalties.

Policies and activities to improve access to medicine continue to get better organized. All 20 companies now have established some form of board-level representation for access-to-medicine issues (up from 19 in 2012 and 17 in 2010). In 2014, seven companies link performance incentives of senior managers to enhancing access to medicine, compared with three in 2012.[[1]](#footnote-1)

However, the ATMF could not claim that such progress was primarily due to the impact of the Index. In addition, companies continued to struggle with issues such as ethical marketing, which could include bribery or corruption:

Struggles

All 20 companies commit to follow at least a minimum code of practice for ethical marketing. All have codes of conduct governing bribery and corruption and three-quarters report auditing their codes. However, 18 companies have been the subject of settlements or decisions relating to breaches in ethical marketing, bribery or corruption standards or competition laws. Breaches range from paying or otherwise inappropriately incentivizing doctors to prescribe their products, and encouraging doctors to prescribe their medicines off-label, to collusions delaying market entry of generic medicines and misrepresenting the efficacy and safety of their products or those of their competitors. This evidence raises questions over the commitment and effectiveness of company governance of this area. Companies remain conservative in their disclosure of where patents are active and when they will expire—information that is very useful to medicine procurers and generic medicine manufacturers. Within the reporting period, no company independently disclosed its patents statuses for any product relevant to the Index.[[2]](#footnote-2)

With these issues in mind, Leereveld wanted to focus on three key challenges. First, he wanted to improve the way in which the ATMF engaged with the pharmaceutical companies, with the goal to increase the effect of the Index on companies’ practices. The challenge was how to continue to change the design of the Index so that it would be more relied on by managers at pharmaceutical firms. The objective was to alter firms’ behaviours by enabling managers to identify how they could help their firm provide greater access to medicines.

Second, he wanted to consider how ATMI could do a better job incorporating the views of patients, a stakeholder group that was crucial to the Index and its goal. However, patients were diverse, and so were their access issues in terms of different diseases in different regions. In addition, finding a qualified and independent organization to represent patients had proven to be difficult.

Third, he wanted to engage governments and regulators from emerging and frontier markets—the very markets in which citizens were struggling to gain access to medicines at a reasonable price. Otherwise, Leereveld noted, “The Index risks representing only the Western viewpoint unless it succeeds in finding an effective way to expand its consultation to more low- and medium-income country stakeholders.”

Crafting a Plan for Index 2016

Leereveld reviewed the issues in front of him. The ATMF had come a long way from its early days in 2005, its first Index 2008, the funding provided by the Bill & Melinda Gates Foundation, and the publication of the subsequent indexes. A different set of challenges now lay before Leereveld and his team. He wanted to take a few days to categorize the issues and develop solutions to each of them. Furthermore, Leereveld was considering whether it was time for him to hand the role of CEO to a qualified person and move into an advisory role. He thought the ATMF had developed to the point that it needed to move beyond reliance on him.

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1. Access to Medicine Index, “More Being Done but Progress Is Uneven,” accessed August 1, 2016, www.accesstomedicineindex.org/overall-industry-progress-0. [↑](#footnote-ref-1)
2. Ibid. [↑](#footnote-ref-2)