PHP88
THE GROWING FINANCIAL AND QUALITY-OF-LIFE BURDEN ASSOCIATED WITH ATRIAL FIBRILLATION (AF), DIABETES, CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD) AND ASTHMA IN IRELAND

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Many people in Ireland suffer from chronic diseases including AF, diabetes, COPD and asthma. With the prevalence of these conditions expected to rise, general wellbeing and quality-of-life will be increasingly affected. Chronic conditions also account for most of the health care resources used, and represent a significant economic burden. In the future, rising health care costs could lead to inadequate treatment for the majority of patients with AF, diabetes, COPD and asthma. METHODS: For each province, calculated estimated numbers of patients diagnosed or treated for AF, diabetes, COPD, or asthma based on disease prevalence and 2011 Census data. Estimate the number of patients not achieving target management of their condition and the associated number of preventable events and total costs, using publically available information. RESULTS: Of the loadings on the disease burden of patients diagnosed with AF in Ireland, 53,563 patients are not receiving appropriate antiagulation treatment. This results in 531 patients experiencing an avoidable stroke each year, costing the health care system around €5.3m. Amongst the 238,589 patients diagnosed with type 2 diabetes, 77% will not achieve a target Hba1c of 6.5% or less, resulting in an expense of €88m and 12,493 avoidable deaths each year. In addition, 30% of diagnosed COPD patients, and as many as 60% of asthma patients, are not managing their condition effectively, costing the health care system €89m per year in hospital admission costs alone. CONCLUSIONS: Much of the chronic disease burden is caused by preventable risk factors. This is intended as a key policy lever, to elevate chronic diseases on the health agenda of key policymakers, providing them with better evidence about risk factor control, and persuading them of the need for health systems change. Unless steps are taken now to effectively deal with chronic diseases, Ireland is headed for serious financial and quality-of-life crises.

PHP89
WHAT IS WORKING WELL IN LOUISIANA FOR US EMPLOYERS:
A DESCRIPTIVE ANALYSIS OF EMPLOYERS ACTIVELY ENGAGED IN PROMOTING EMPLOYEE HEALTH

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OBJECTIVES: As health care costs rise, employers seek options to improve the health and wellness of their employees. This study examined the practices of employers that are actively engaged in promoting employee health. METHODS: A study of 18 employers who applied for the Working Well award provided by the Louisiana Business Group on Health in 2013, recognizing employers who are exemplars in their employee health and wellness activities. Applicants completed a survey detailing business policies and programs intended to promote wellness. De-identified data derive from 2013 applications. RESULTS: Over half of the companies had fewer than 400 employees (55.6%), 4 had more than 2000. Health plan coverage was fully (8, 44.4%) or self (7; 38.9%) funded. Almost half implemented wellness programs within the last 3 years (44.4%), whereas 4 (22.2%) had programs more than 10 years; all were company funded. Annual spend on wellness was split across participating employ- ers with 55% spending <$50,000 and the rest >$50,000 (8, 44.4%). Rationale most cited for programs: improve employee wellbeing (18; 100%), contain health care costs (17, 94.9%), increase productivity (13, 72.2%), and reduce absenteeism (12, 66.7%). Information most reported (17; 94.4%), increase productivity (13; 72.2%), and reduce absenteeism (12; 66.7%). Commercial reasons most cited for programs: improve employee wellbeing (18; 100%), contain health care costs (17, 94.9%). CONCLUSIONS: Much of the chronic disease burden is caused by preventable risk factors. This is intended as a key policy lever, to elevate chronic diseases on the health agenda of key policymakers, providing them with better evidence about risk factor control, and persuading them of the need for health systems change. Unless steps are taken now to effectively deal with chronic diseases, Ireland is headed for serious financial and quality-of-life crises.

PHP90
A QUANTIFICATION OF EXPENDITURE ON HOSPITAL STAYS IN 5 EUROPEAN COUNTRIES

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OBJECTIVES: Throughout Europe, economic conditions are forcing health care sys- tems to reduce health care costs. One provider of health care costs is hospital length of stay (LOS). This study sought to determine which European countries have been most successful at reducing their average LOS for five inpatient admissions. This research also sought to quantify the potential savings for countries that have not yet achieved the average LOS in the two most successful countries. METHODS: A review of hospital LOS and cost per day of hospital stay data was conducted in five European countries (France, Germany, Italy, Spain and the United Kingdom). Annual spending data was gathered from the Healthcare Cost and Utilization Project (HCUP). Additionally, hospital payment systems were assessed in each country through published research to understand systemic motivations of health care providers with regards to LOS. RESULTS: Substantial variability exists in average LOS for the five studied hospitals. The previous year was in breast cancer, with average LOS ranging from 4.16 days in the UK to 11.01 days in Germany. The average LOS for three admissions (single spontaneous delivery, cataracts, and pneumonia) are relatively similar across countries. However, the average LOS in Germany for malignant neoplasm of the breast and acute myocardial infarction are significantly higher than the other four countries. There is little variability, however, in average costs per bed-day in the targeted countries. A review of payment mechanisms for inpatient hospital stays concludes that hospitals are financially incentivized to minimize LOS in all five countries. CONCLUSIONS: Additional research is needed to understand the reason for the discrepancy between German stays and the other four countries. While there are many potential reasons for the differences, should Germany align their average LOS for malignant neoplasm of the breast and acute myocardial infarction with the other four countries, they could save €744 million per year.

PHP91
R&D INVESTMENTS, INTANGIBLE CAPITAL AND PROFITABILITY IN THE PHARMACEUTICAL INDUSTRY

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OBJECTIVES: Over the last 10 years many companies invested heavily in the research and development (R&D) sector in order to develop new innovative drugs. As R&D investments lead to substantially lower long-term profitability of pharmaceutical companies, the question arises whether R&D investments are a key driver behind the success of companies despite lower profitability. METHODS: Based on international financial data of 433 pharmaceutical firms between 1992 and 2012, we assessed whether the “true” profitability of pharmaceutical firms by capitalizing R&D and amortizing it over the shelf-life of developed products. We use three amortization approaches (linear amortization, declining balance amortization and amortization based on the empirical amortization rate). RESULTS: Corrected profit and equity figures lead to substantially lower long-term profitability of pharmaceutical firms. Over the three proposed amortization approaches, the corrected ROE of 14.1% is comparable to profitability reported by U. S. firms from other industries (ROE = 11.1%). Non-U. S. pharmaceutical firms also have an adjusted ROE that is comparable to firms from other industries (7.6% vs. 9.6% non- pharmaceutical). CONCLUSIONS: The empirical estimate is that price regulation or rate of return regulation in the pharmaceutical market should be reviewed and applied with caution when it is solely motivated by the allegedly high profitabil- ity of the industry. This is especially true since such a policy also impedes R&D investments and innovation in the long run because profits serve as a major source of R&D investments.

PHP92
DO SPECIALTY DRUGS OFFER GREATER VALUE FOR MONEY THAN TRADITIONAL DRUGS?

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OBJECTIVES: Specialty drugs are often many times more expensive than traditional drugs, raising questions of affordability, and whether their clinical benefits are worth their added costs. The objective of this study was to consider new molecular entities (NME) (i. e., drugs that had not previously been approved by the FDA or marketed in the US) approved by the FDA from 1999 through 2011 to compare the value of specialty and traditional drugs. METHODS: We searched the FDA website to identify all NMEs approved from 1999 through 2011. We identified published estim- ates of additional health gains (measured in quality adjusted life years (QALYs)) and costs (drug costs, hospitalization costs, etc) associated with specialty drugs compared to traditional drugs at their time of approval, and compared findings with traditional drugs. We compared incremental QALY gains, incremen- tal costs, and the incremental cost-effectiveness ratio, for specialty vs. traditional drugs. RESULTS: We found specialty drugs offered greater QALY gains than traditional drugs (0.19 vs. $7304, p<0.01), but were associated with greater additional costs ($10,460 vs. $906, p<0.001). We found the cost-effectiveness of the different drug types to be broadly similar (p=0.58). CONCLUSIONS: This research suggests specialty drugs may offer greater health benefits over existing care than traditional drugs, and depending on how drug costs are being applied, with greater additional costs. Traditional drugs were comparable in terms of cost-effectiveness. As payers search for ways to control health care costs it is important to recognize the relative benefits as well as the costs of specialty drugs, and to mitigate inappropriate use and waste to ensure that effective treatments are affordable to patients.