



GR Korea

HEALTHCARE NEWSLETTER

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Subsidies for life sciences, medtech, and infectious disease R&D

On 11 June, a meeting of the Presidential Advisory Council on Science and Technology (PACST) agreed on a comprehensive subsidy package aimed at jumpstarting Korea's biopharma industry via R&D spending.

The package amounts to over 2.6 trillion KRW (approx. 1.88 billion USD), with around two-thirds of this total accounted for by the budgets of the Ministry of Health and Welfare (MOHW) and Ministry of Science and ICT (MSIT). Much of the total allocation will be earmarked for several priority areas, according to the press release, namely **life sciences, innovative drug development, AI & tech integration in healthcare services, and solutions to Korea's ongoing population crisis**. Homegrown mRNA production capacity support and measures to defray costs of clinical trials were also introduced.

The package is up year-on-year 3.7% from that of FY2024, and will constitute part of the Yoon Suk-yeol government's budget package proposal set to be submitted to the National Assembly this fall.

The move comes less than a year after the Yoon government moved to cut Korea's total R&D budget by nearly 15% for FY2024 in the name of fiscal austerity. While the government has since attempted to alleviate concern over the cut by upping targeted R&D spending in some sectors – such as biopharma – it remains to be seen whether these attempts pass the opposition-led legislature without hitch or politicization during the public budget review period in November.

On 19 June, the Presidential Committee on Ageing Society and Population Policy convened to discuss policy measures to address Korea's dramatically declining birth rates,.

President Yoon – who chairs the committee – firstly declared the issue of low birthrates as a "national emergency" facing the country, requiring "comprehensive response from all arms of the state." **The committee also announced a policy package aimed at addressing the crisis under the header of 'measures to reverse low birthrate trends.'**

The measures target **three root causes**, as identified by the committee, that contribute to Korea's growing population crisis. **Namely, childcare support, work-life balance, and housing.**

The government will provide support in the form of fertility testing and treatment by reducing co-pays to 30% for all age groups and expanding the number of state-subsidized treatments. **The measures also aim to expand national insurance coverage for certain fertility drugs, cut costs for C-section births and morning sickness drugs, and subsidize egg cryopreservation.**

Policies rolled out to address Korea's population crisis



Source: Office of the President

In terms of labor policy, the government will increase the length and frequency of paternity leave – far less common in Korea than maternity leave – while also adding extensions to work hour reductions parents are eligible for.

For childcare, the government plans to subsidize public education for toddlers aged 3-5, boost the number of available childcare personnel, and other case-specific measures.

Housing policy was also targeted for policy initiatives. Namely, new tax deductions for newlyweds and couples with young or multiple children will be introduced, along with preferential interest rate on home loans for such families.

Implementing these policies will likely fall to a new government agency to be established at an indeterminate date, tentatively called the Population and Strategy Ministry – but at least for the interim, Korea's ageing population is expected to continue exerting substantial systematic pressure on the country's healthcare system.

Korea seeks to diversify pharmaceutical supply chains

At a meeting of the Ministry of Economy and Finance (MOEF) Economic Security Task Force on 7 June, members agreed to expand the Korean government's list of 'economic security sectors' to now include pharmaceuticals.

Inclusion on this list means that these sectors will receive priority from the government in efforts to diversify supply chains, build state stockpiles, promote research into alternatives (such as for raw materials), and build out supporting onshore infrastructure.

This decision was based on input from related ministries, an analysis of supply chain security risks (such as dependency on imports from a single country), and the large number of small and medium-sized enterprises (SMEs) in these sectors, which are particularly vulnerable to supply-demand imbalance and supply chain shocks.



Additionally, the task force finalized guidelines for a new 'supply chain fund,' which will be applied to companies that show exceptional initiative and success in restructuring their supply lines to be more stable and diversified per government guidelines.

The meeting took place just two weeks before the 'Framework for Supply Chain Security and Economic Security' is set to take effect on June 27. The framework was initially drafted by the Office of the President, the Prime Minister's Office, and the Ministry of Economy and Finance in December of last year.

The 3rd meeting of the Bio-Health Innovation Committee took place earlier this month, where the committee released a plan to guide government spending on three key areas deemed necessary to promote the competitiveness of Korea's biopharma industry.

First, the plan highlighted the need for **cross-agency coordination** on policy and leveraging multiple agency's budgets for subsidies for regenerative medicines. Gene therapies such as chimeric antigen receptor (CAR) T-cell therapy were tagged for increased R&D spending

Second, the committee proposed **increased budgets for digital integration in healthcare services**, and specifically for gathering and centralization healthcare data management.

Third, the plan sets a goal for **onshoring production of mRNA vaccines**, and specifically to cut development time of new vaccines to less than 200 days from identification of a new disease or disease outbreak.

Following as it does on the heels of the PACST meeting on 11 June (see p. 1), the plan is likely intended to flesh out the government's detailed spending plans on its forthcoming – and expanded – R&D budget ask.

**Bio-Health
Innovation
Committee
details triecta
plan to
promote
innovation**



MFDS approves neuroblastoma drug Qarziba (dinutuximab β)



The Ministry of Food and Drug Safety (MFDS) announced on 19 June that it approved Italy-based drugmaker Recordati's Qarziba (dinutuximab β), indicated for pediatric neuroblastoma under the orphan drug designation.

The approval is notable for two key reasons. First, the drug had been previously tagged for inclusion in MFDS' Global Innovative Products on Fast Track (GIFT) program, which aims to fast-track drug approvals – in Qarziba's case, from 115 down to 90 days.

Second, the drug was included in the MFDS parallel approval-evaluation-negotiation pilot project, where the ministry shared efficacy test results in real time with the Health Insurance Review and Assessment Service (HIRA), National Health Insurance Service (NHIS), and Ministry of Health and Welfare (MOHW) to shorten timelines. Consequently, Qarziba has already been assigned an insurance reimbursement target, meaning only price point negotiations with the manufacturer remain before commercialization.

If this streamlined system is codified– which MFDS has indicated it plans to do from 2025 – much-improved approval timelines are expected to become the norm for drugs introduced into the Korean market.

Contact us to know more of Korea's latest healthcare policies

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