



PPRI - Comparative Analysis

PPRI Project Co-ordination
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PPRI Conference
Vienna, 29 June 2007

Comparative Analysis - Outline

- Introduction
- Pricing
- Reimbursement
- Access and affordability



Introduction

27 different systems in the EU

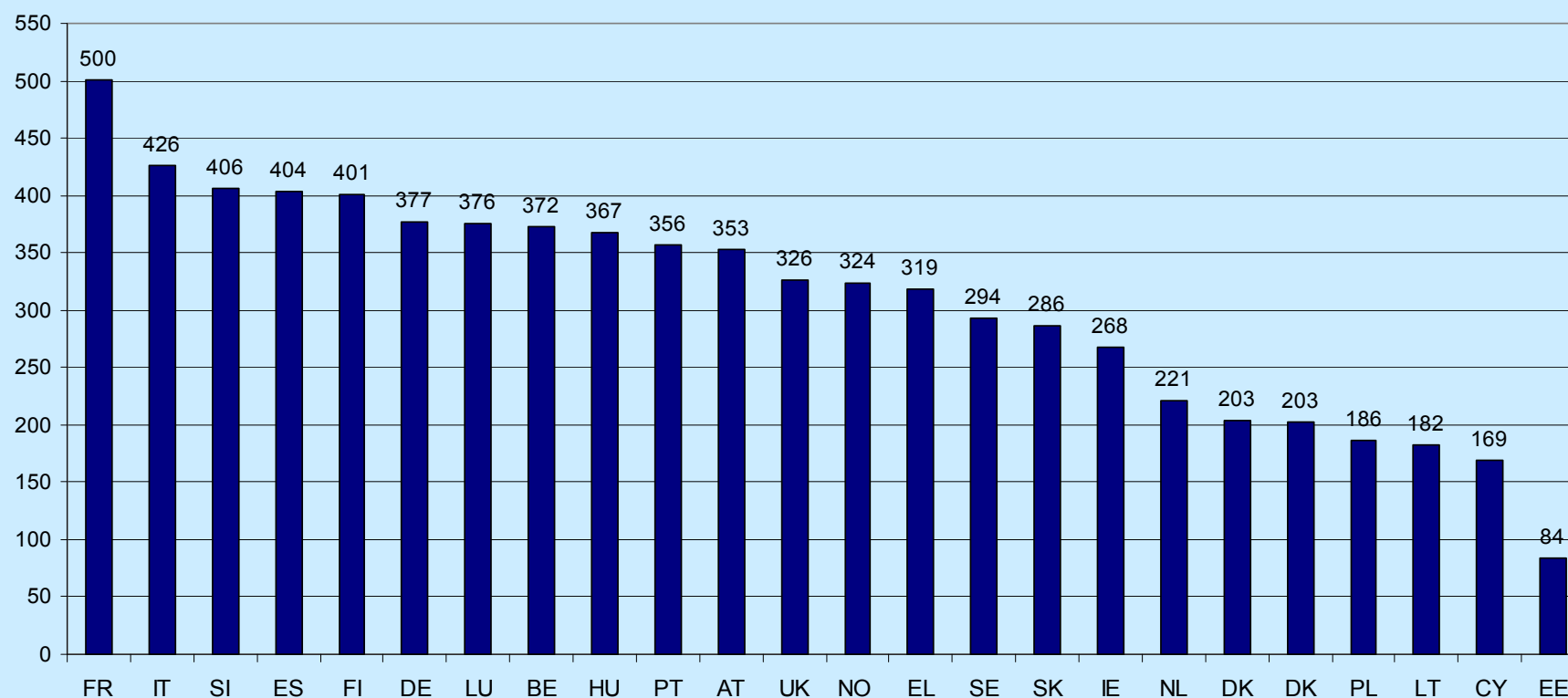


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Pharmaceutical Pricing & Reimbursement Information



Total Pharmaceutical Expenditure per capita in Euro-PPP 2005



Source: PPRI 2006

Pharmaceutical Expenditure in % of Health Expenditure (2005)

- European averages
 - EU-25: 18.6%
 - EU-15: 15.6 %
 - EU-10: 23.7%
- Member States differences
 - $\leq 10\%$: LU, DK, IE, NL; NO
 - $\geq 25\%$: BG, HU, LT, PL, SI, SK

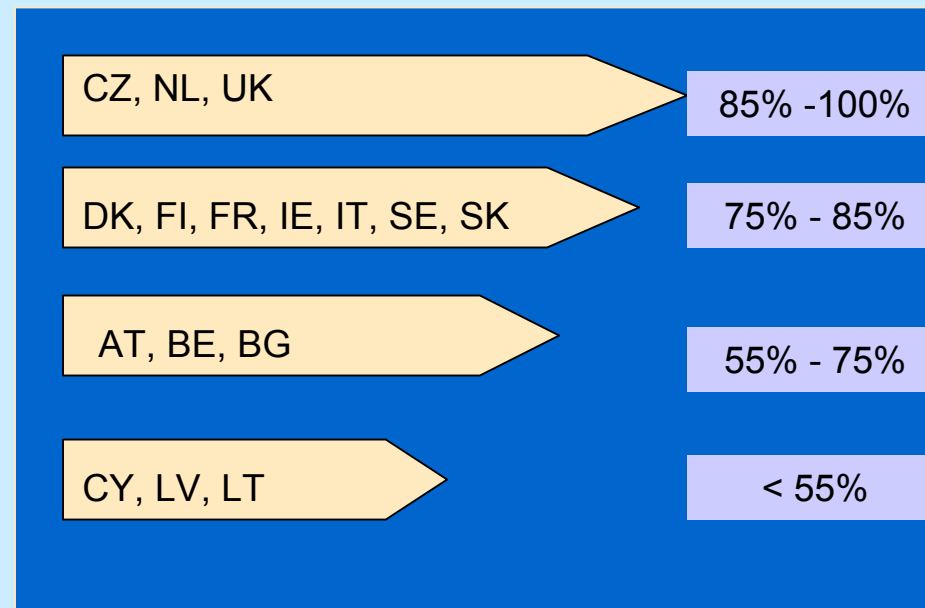
Public funding of health care

➤ Public health expenditure in % of total health expenditure

➤ EU-25: 74 %

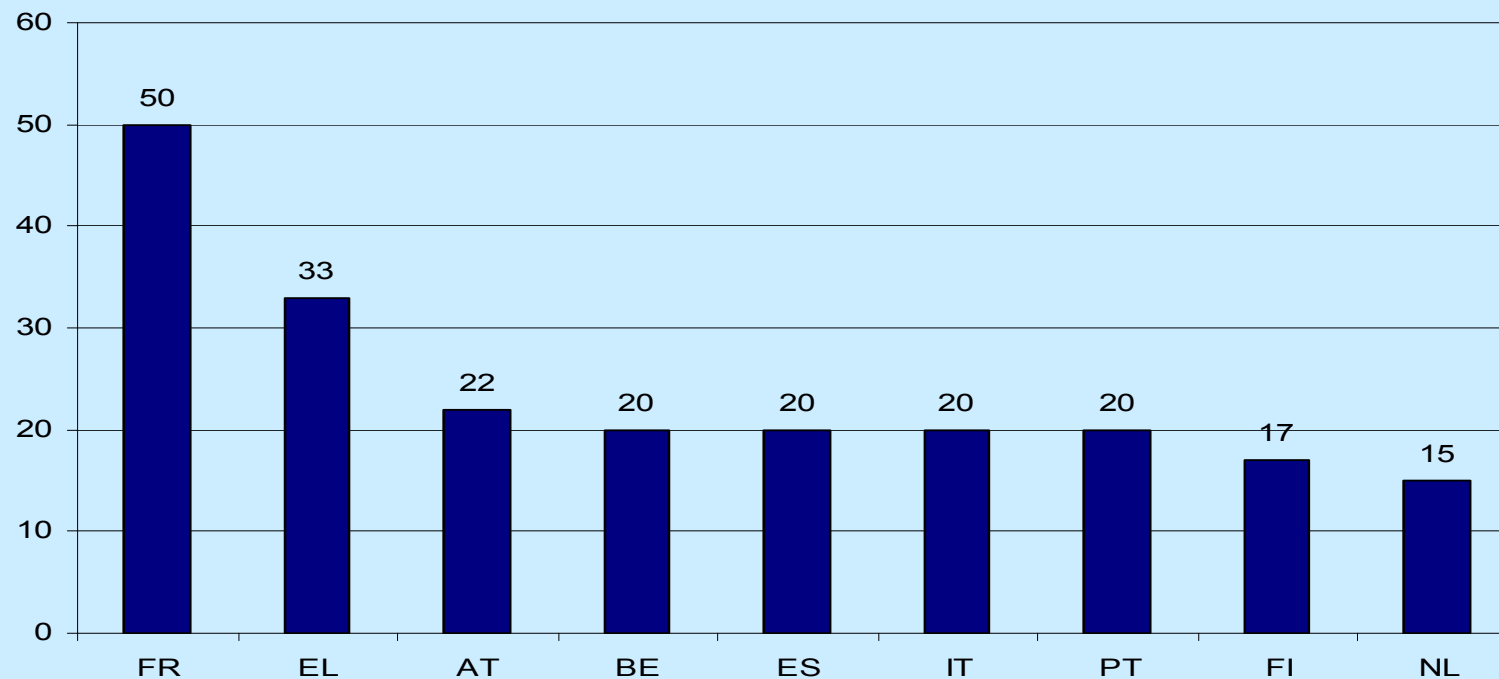
➤ EU-15: 78 %

➤ EU-10: 70 %



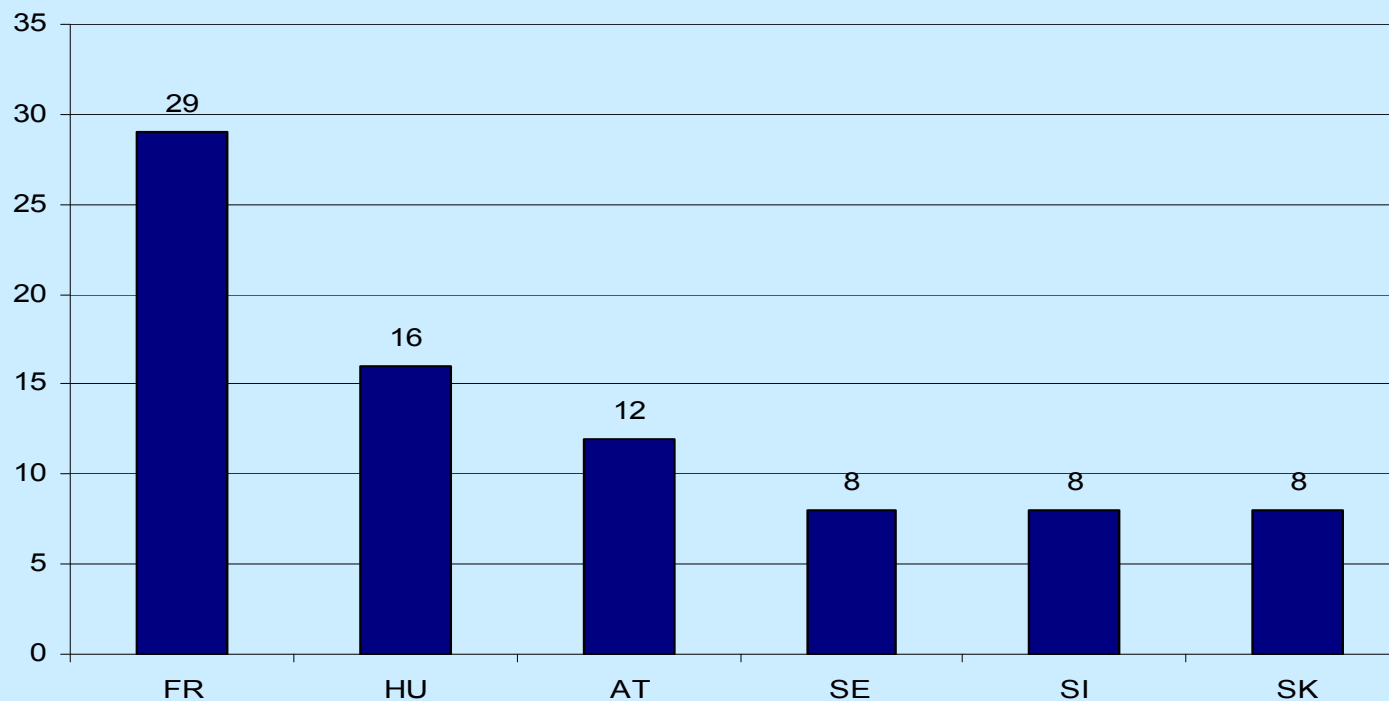
Pharmaceutical consumption

Packages per inhabitant and year



Pharmaceutical consumption

Prescriptions per inhabitant and year



Source: PPRI 2006

Health care systems Organisation and funding

- Social Insurance systems
 - “Traditional” Social Insurance countries (e.g. AT, BE, DE, FR, LU, NL)
 - New Member States (BG, CZ, EE, HU, LT, LV, PL, RO, SI, SK)
- National Health Service
 - The British NHS; IE
 - Mediterranean countries (CY, EL, IT, MT, PT)
 - Nordic countries (DK, FI, SE, NO)

Pharmaceutical systems Framework and organisation

- Pricing and reimbursement
 - Mainly Member State competence
 - As a result, 27 different systems within EU
- Framework
 - Statutory framework (Acts, Decrees)
 - Framework Agreements between industry and government (FR, IE, IT, PT)





Pricing

How the price of a pharmaceutical is set

Which price do we talk about?

- Different markets
 - Out-patient and in-patient market
 - Reimbursement market
- Close linkage to reimbursement !
- Price level
 - Ex-factory price, pharmacy purchasing price (wholesale price), pharmacy retail price
 - VAT and other taxes

Terminology regarding pricing

- Pricing policies
 - Price control (statutory pricing, price negotiation, public procurement)
 - Free pricing
- Pricing procedures
 - External price referencing
 - Internal price referencing
 - Cost-plus
 - Others (e.g. indirect price control)

See PPRI Glossary, <http://ppri.oebig.at>

Pricing policies

Price control (at price setting level)

- For all pharmaceuticals (BE, BG, CY, CZ, EL, LU; TR)
- For POM (NL, PT; NO)
- For reimbursable pharmaceuticals
 - Most common pricing policy
- No price control
 - DK - however linkage to reimbursement
 - MT

Cf. Handout for detailed overview

Pricing policies Way of price control

- Statutory pricing
 - e.g. BE, BG, CY, CZ, EL, ES, LT, LU, PT, SE; NO, TR
- Negotiations (FR, IT)
- Mixture
 - Statutory pricing after negotiations (EE, LV, PL)
 - In case of failure of negotiations (e.g. FR) or non-availability of data for comparison (e.g. IE)
- Public procurement in the hospital sector

Pricing procedures Methodology to determine a price

- External price referencing
(international price comparisons)
 - Used in nearly all Member States
 - For at least a range of pharmaceuticals
Focus on a few countries (exceptions: AT, BE),
mostly MS/neighbouring countries
 - Framework
 - Relevance
 - Methodological issues

Pricing procedures Methodology to determine a price

- Internal price referencing
 - often in connection with reimbursement
- Cost-plus
 - For locally-produced pharmaceuticals (CZ, CY, EL, SK, exceptionally - UK)
- Others
 - Indirect price control - PPRS (UK)
 - Agreed prices - Price competition (SK)

Price levels

- Setting the price at the
 - Ex-factory price level
most common
 - Pharmacy purchasing price level
DK, FI, LV, NL, PL, SE, SI; NO
 - Pharmacy retail price level
LU, SK
- Role of mark-ups

Wholesale mark-ups

➤ Scope

- All pharmaceuticals: AT, BE, CZ, DE, EE, EL, HU, LU, LV, MT, SK; TR
- Reimbursable pharmaceuticals: FR, ES, IE, IT, LT, PL
- Others: BG, PT (POM), UK (branded ph. under PPRS)
- No statutory-mark-up: CY, DK, FI, NL, SE, SI; NO

➤ Schemes

- Linear mark-up (e.g. IT, EL, PL)
- Regressive mark-up scheme (e.g. BE, BG, EE, LT)



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Wholesale mark-ups

Example of a regressive mark-up scheme - Lithuania

Ex-Factory Price in LTL / in €	Maximum Mark-up in % of Ex-factory price	Wholesale price in LTL / €
up to LTL 6.43 / € 1.86	14%	-
from LTL 6.44 / € 1.87 to LTL 10.00 / € 2.89	-	LTL 0.90 / € 0.26
from LTL 10.01 / € 2.90 to LTL 19.44 / € 5.63	9%	-
from LTL 19.45 / € 5.64 to LTL 25.00 / € 7.24	-	LTL 1.75 / € 0.51
from LTL 25.01 / € 7.25 to LTL 53.57 / € 15.51	7%	-
from LTL 53.58 / € 5.52 to LTL 68.18 / € 9.74	-	LTL 3.75 / € 1.09
from LTL 68.19 / € 19.75 to LTL 909.09 / € 263.28	5.5%	-
from LTL 909.10 / € 263.29 on	-	LTL 50.00 / € 14.48

Pharmacy mark-ups

- Scope
 - All pharmaceuticals: AT, BE, CY, CZ, DK, DE, EE, EL, FI, HU, LU, LV, MT, SE, SI, SK; NO, TR
 - Reimbursable pharmaceuticals: FR, ES, IE, IT, LT, PL, SI, UK
 - POM: BG, PT
- Remuneration scheme
 - Linear mark-up (e.g. CY, EL, MT)
 - Regressive mark-up scheme (e.g. AT)
 - Fixed fee/Fee-for-service: NL, SI, UK

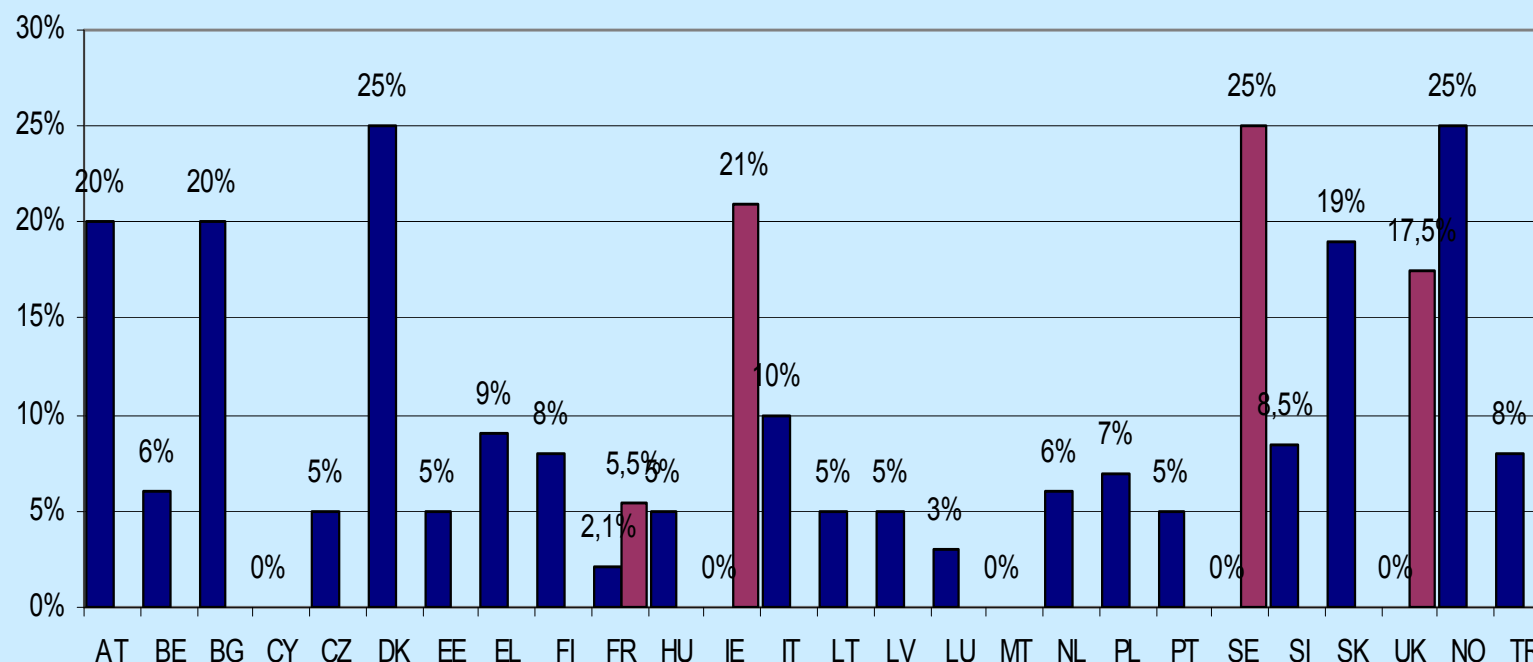


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Pharmaceutical Pricing & Reimbursement Information



VAT rates on pharmaceuticals 2006



Source: PPRI 2006

SK: 2007 reduced to 10%



Reimbursement

Who pays the bill?

Eligibility schemes

- Product-specific
 - most common (e.g. AT, EL, IT, SK, SI)
- Disease-specific
 - Baltic states, sub-scheme in some countries (BG, CZ, FR, IE)
- Patient-group-specific
 - CY, IE, MT; TR
- Consumption-based
 - DK and SE

Reimbursement lists

- Define which pharmaceuticals are considered as reimbursable
- Positive lists
 - in EU Member States
- Negative lists
 - seldom used (FI - not implemented; ES and UK)

What does reimbursable mean?

- All pharmaceuticals on the positive list(s) are 100% reimbursed
 - only in AT, IT, IE, MT, NL, UK
- Percentage reimbursement rates
 - according to severity of disease for which the pharmaceutical is used
- Further co-payments (e.g. prescription fees)
- Reference price systems

Reference price systems

➤ Methodology

- Cluster of equivalent/similar pharmaceuticals
- Setting a reference price
- Co-payment for pharmaceuticals with higher price

➤ Relevance

- in all EU Member States but AT, CY, FI, IE, LU, MT, SE, UK
- System of obligatory substitution in SE
- Step-price system for off-patent pharmaceuticals in NO

Generic substitution

- Generic substitution
 - INN prescribing
 - Doctors and pharmacists
- Framework
 - Not allowed (e.g. AT, BE, BG, IE, MT, UK)
 - Indicative
 - Obligatory substitution (DK, FI, LT, LV, SE)

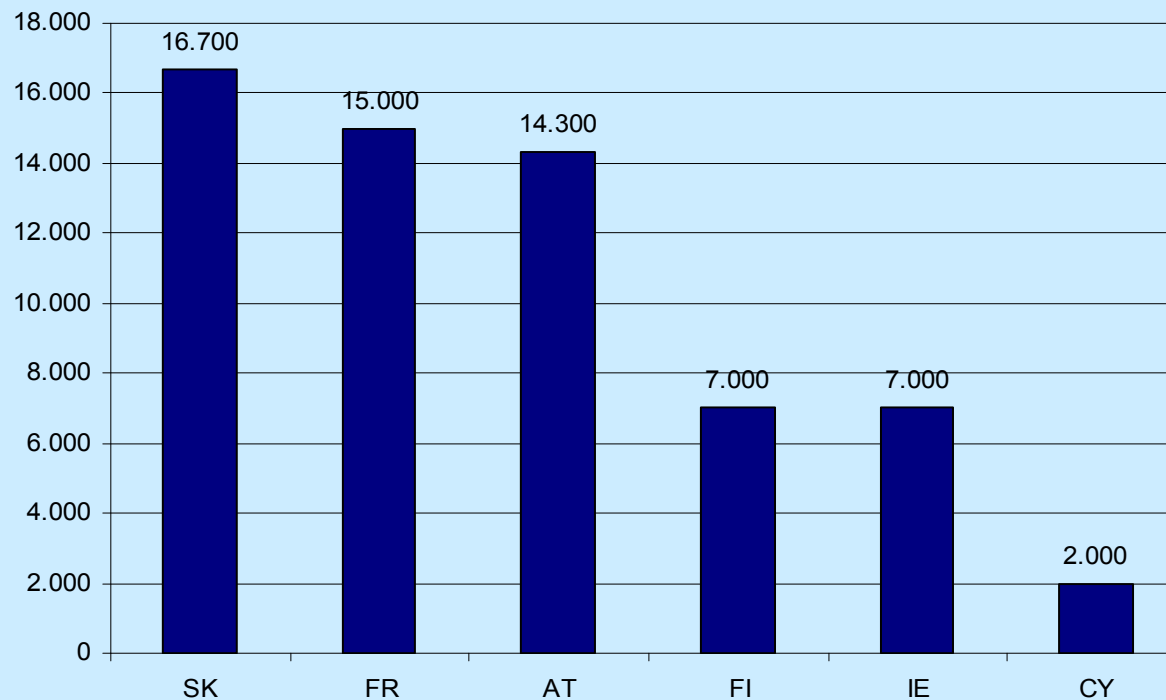


Access and affordability

Key challenges for the future

Range of pharmaceuticals

➤ Number of pharmaceuticals varies



➤ differences in counting

➤ authorised pharmaceuticals vs. pharmaceuticals on the market

Source: PPRI 2006

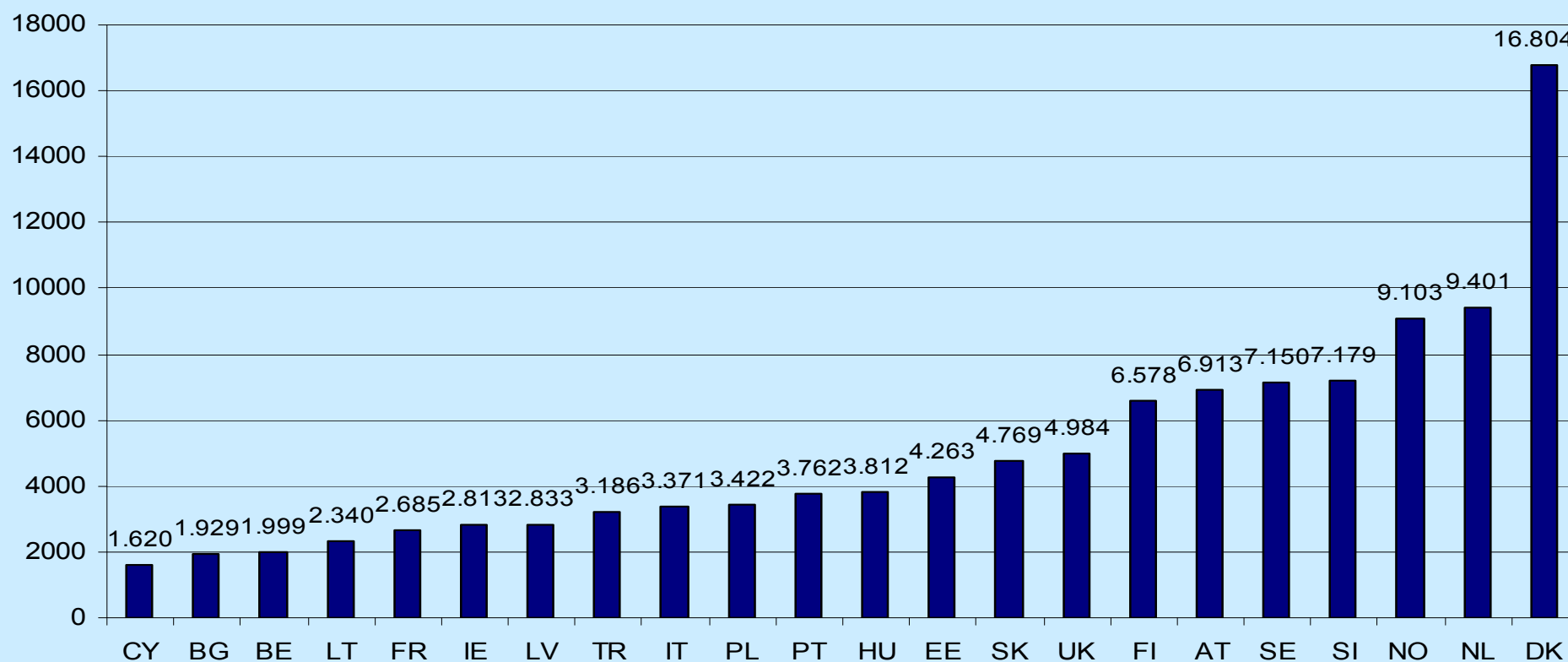


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Access to pharmacies



Source: PPRI 2006

Inhabitants per community pharmacy, 2005 or latest available year

Affordability of pharmaceuticals Patients' perspective

- Private pharmaceutical expenses
- Co-payments
 - Prescription fees (e.g. AT, DK, EE, FI, IT, PL, SK, UK)
 - Deductibles (IE)
 - Percentage co-payments
 - Reference price system

Affordability of pharmaceuticals States' perspective

- Mechanisms for vulnerable groups
 - Reduced co-payments rates
 - Exemption from prescription fees
 - Limits/ceilings
- Alternatives
 - Parallel imported and generic products
 - Generic promotion
- Pharmacoeconomic tools
 - Evaluations, analyses, guidelines ...

Affordability of pharmaceuticals Conclusion

- Member States between budgetary constraints and expectations from different stakeholders
- How to react?
 - Need for prioritisation and cost-containment
 - Need for monitoring, analyses and evaluation
 - Need for information-sharing and lessons-learning

The PPRI network brings relevant actors together!

Thank you for your attention!



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