Price review and price changes

- Wholesale prices on all items in the pricelist were reviewed irrespectively of their turnover in April – June 2011.

All pharmaceuticals are categorized into four groups and pricing regulations varies for these categories.

**Original products:** Price is compared to the average price on the corresponding original product in the reference countries, (Nordic countries).

**Generics:** Price is compared to the average price of the corresponding generic in the reference countries, (Nordic countries).

**Parallel imported products:** Price should be lower than price on the corresponding original or generic product in Iceland.

**Hospital product:** Price may not exceed the lowest price of the four Nordic countries. This includes innovative medicines.

The review was performed in five sections.

1. Hospital products (659 items – 401 lower price).
2. ATC-A01AA01–L04AX03 (970 items- 350 lower price).
3. ACT- M01AB01 – V08CA11 (966 items- 393 lower price).
4. Parallel imported products (83 items - 33 lower price).
5. Generics (358 items - 200 lower price).

**Total calculated savings of 3,6 million Euro or 5% of outpatient pharmaceutical budget.**

Real savings for the NI are higher, as lower price of generics lower the reference price.

Generic policies

- Generic substitution is mandatory in Iceland since 1995.
- There are financial incentives for generic substitution as the patient generally has to pay more if a more expensive originator is prescribed.
- The doctors are allowed to prescribe on INN basis, but it is not mandatory.
- For generic substitution it is ATC 5 level that is taken into account.
- If a price within the group changes, or a new pharmaceutical at a lower price enters the group, this has implications for the whole group. Prices can change once a month.
- The window system started in 2009, apart from that no major changes have taken place.

In the “window” system, that has been implemented in the ATC groups A02BC, C09, C09-combination-products, C10A, M05B, N06AB-N06AX, R03A-R03B, only products that are within a certain percentage of the cheapest (i.e. are inside the “window”) get reimbursement status. An individual reimbursement has to be applied for if the pharmaceutical does not get into the window. The percentage can be different for the different ATC groups.

- Limited availability of generic drugs. Market approval is required and the associated cost is discouraging to smaller generic companies.

Changes in the pharmaceutical system – end 2011/2012

- **Increase in patient copayment** – 5.2% from 1st. January 2011.
- **Margin changes** – discussions are ongoing with retail pharmacists.
- **Change in the co-payment system** planned to be implemented at the end of the year 2012.
  Then the co-payment will be a proportion of the annual usage and not based on the category of the pharmaceutical used (ATC-code). This means that there will be a step-wise increase in co-payment by the NI up-to a full reimbursement.

  - The increasing cost of innovative medicines calls for changes in the current system.

  The Changes that are expected both in in-patient and outpatient care are the ones to be brought about by the implementation of new technologies. Computerized hospital records and e-prescription are underway and the process speed is fast.

REIMBURSEMENT APPLICATION PATTERNS IN ICELAND AND SWEDEN; A COMPARATIVE STUDY


The objective of this paper was to examine access to new reimbursed prescription drugs in two European countries, Sweden and Iceland, both of which are small in terms of economic importance. For the year 2009, Sweden received far more applications than Iceland, and also made decisions on more applications. However, the number of reimbursed new medicines was only slightly higher in Sweden. Most of the medicines reimbursed in Iceland in 2009 already existed in Sweden or, if not, were accepted in 2009. The prices of reimbursed medicines were higher in Iceland than in Sweden.